

***Developing a pathway out of poverty in the Global Coffee
Production Network – a case study of employment
creation for baristas in the specialty coffee industry***

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COMPULSORY DECLARATION

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Abstract

With a narrowly defined unemployment rate of 26.5% in South Africa, this dissertation contributes to the salient task of exploring a job creation programme in a high growth sector of the global coffee production network, namely the production of espresso based beverages by baristas for sale in restaurants, cafes, and hotels.

Situated in the qualitative paradigm with an inductive research agenda, this research utilises the case study method to explore Ground UP, a skills training programme of a local not-for-profit organisation, which provides barista skills training that unemployed people can use to become economically active in context of the specialty coffee industry. By applying the concepts of upgrading in the context of a global production network and a descriptive focus on both the Ground UP programme, as well as the characteristics and dynamics specialty coffee industry in South Africa, this research examines the potential for this industry to offer a pathway out of poverty.

Applying a theoretical lens to this descriptive case study, the theme of governance features strongly and the analysis reveals that Ground UP, as an agent of palliative development, can help beneficiaries to access a pathway out of poverty. It is also argued that the extent to which they will be able to capture the gains in the specialty coffee industry in the longer term will be impacted by external factors and other key players in the industry as well as their positioning in a global production network.

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1. Introduction

In his 1998 State of the Nation Address, President Nelson Mandela made this statement:

“Jobs, jobs and jobs is the clarion call that should guide us... One will not be exaggerating to say that, given its impact on everything else we do as a nation, including crime prevention, reconciliation and the very survival of our democracy, the Jobs Summit is perhaps the most important event since our first democratic elections...” (The South African Government, 1998)

President Mandela recognised then, as did President Zuma (The Presidency, 2011) when he urged “every sector and every business entity, regardless of size, to focus on job creation” in his 2011 State of the Nation address, the importance of employment and economic activity on helping South Africans access a pathway out poverty. Despite this emphasis on these important issues, the statistics around the number of South Africans still living in poverty are very disconcerting. Nicolson (2015), in an article commenting on the Statistics SA release of their report on ‘Poverty Trends in South Africa’, makes the following observation:

Essentially, the latest statistics say that 21.7% of South Africans live in extreme poverty, not being able to pay for basic nutritional requirements; 37% of people don't have enough money to purchase both adequate food items and non-food items so they have to sacrifice food to pay for things like transport and airtime; 53.8% of people can afford enough food and non-food items but fall under the widest definition of poverty in SA, surviving on under R779 per month.

Since the advent of democracy, South Africa has faced consistently high unemployment rates (currently 26.7%) and been the most consistently unequal country in the world. The detrimental effects of this trifecta of poverty inequality and unemployment, that are notoriously highly correlated and mutually reinforcing, continue to negatively impact on the lived experience of South African residents. Manifesting in crime, public unrest and a host of

other societal evils, they remain the focus of government, business, academia, civil society and all stakeholders invested in seeking solutions to these challenges and, ultimately, growth and development.

This dissertation will contribute to the salient task of investigating on aspect of this development trifecta, focussing on employment creation in a South African context. As a student of Development Studies, an employee of a Not-For-Profit organisation (NPO) engaged in skills training, and passionate coffee drinker, this paper is motivated by the desire to understand the potential for the specialty coffee industry to provide economic opportunities to people, especially unemployed people, through creating jobs with relatively low barriers to entry, but with potential to develop into a viable career. In so doing, the central aim of this research is as follows:

To explore the potential for social and economic upgrading in the specialty coffee industry, with specific reference to the role of labour, and in so doing understand the extent to which Ground UP, a skills training intervention, might be classified as an agent of palliative development insofar as it provides a pathway out of poverty through wage generating employment.

Ground UP, the case which is to be used to explore employment creation in the coffee industry, is a new programme of Learn to Earn that is focussed on specialty coffee and opportunities for job creation in the industry. It is a division of, Learn to Earn; a skills training, job creation and enterprise development non-profit organisation (NPO) based in Cape Town. The stated mission of the organisation is to develop people, especially unemployed people, economically, emotionally, socially and spiritually. This is achieved through a variety of skills training programmes, the creation of job creation projects through income generating social enterprises and the mentoring of entrepreneurs. The organisation has a faith based ethos and is built on the philosophy that empowering development is achieved through giving a 'hand up not a hand out'.

This dissertation will begin with a review of relevant literature (chapter 2), proceed with a

description of the research methodology employed (chapter 3) and then present the results of the data collected through a case study report (chapter 4). The following chapter (chapter 5) builds on the data provided through an analysis and discussion, applying relevant theory introduced in chapter 2 such that the central research aim is achieved.

2. Literature Review

Before the proposed research methodology is described in Chapter 3, it is necessary to briefly summarise the academic work and literature focussing on similar themes and discourses. In addition to placing this research in the context of a more general body of scientific knowledge (Babbie & Mouton, 2001:565), it can also serve to provide a theoretical framework for the study, define key terms and identify similar studies or cases.

2.1 Economic Growth - Employment - Poverty Reduction

It was found that an extensive collection of work focusses on the links between growth and poverty; see for two examples, Perry (2006) and Fosu (2011). But what of empirical studies on the links between economic growth, employment and poverty reduction? Surprisingly, as writers like Hull (2009) and Islam (2004) point out, there is insufficient empirical evidence about the intuitive and appealing relationships between economic growth, employment and poverty reduction. The key differentiation in their analyses, relative to those focussing on the impact of growth on poverty and living standards, is the crucial link between growth creating employment, with wage income as a primary driver of poverty reduction. Both authors, in their attempt to understand the relationship between these three variables, dispute that high growth will necessarily lead to higher employment and a reduction in poverty. They point to a number of countries that, despite achieving high rates of economic growth, did not observe correspondingly high reductions in unemployment and/or poverty.

In opposition to neoclassical arguments for the ‘trickle-down effect’ of economic growth, Islam’s (2004:iii) analysis demonstrates that there is no invariant relationship between growth and poverty reduction and that similar rates of economic growth can have different outcomes for poverty reduction. This is not to diminish the value of economic growth, with both Islam (2004) and Hull (2006) concluding that growth can be ‘pro-poor’ if it is employment intensive and if this employment leads to a reduction in poverty. Islam (2004) points to employment and labour market variables, including the education level of the workforce and the sector in question, as significant factors to consider in explaining the

probability of a household being poor, or the actual income of a poor household. He also argues that increasing inequality can counteract the poverty reducing effect of increasing per capita income (Islam, 2004).

Given positive global growth rates, it is problematic from a development point of view that poverty and inequality persist and even worsen. The phenomenon of globalisation, a prodigious discourse in development theory, has been argued to be driving this inverse relationship between growth and development on a global scale. Kaplinsky (2000:3) describes how globalisation, an increased integration of the global economy, has resulted in not only substantial economic growth and higher incomes, but also an “increasing tendency toward unequalisation within and between countries, and a growing incidence in the absolute levels of poverty, not just in poor countries.”

The literature on trade and globalisation is vast, with Guillen (2001) noting that the number of sociological abstracts featuring globalisation more than tripled in the space of five years, from 301 in 1990 to 1068 in 1995. Guillen (2001:240) further postulates that perhaps the “the most bewildering feature of the literature is not its sheer size but the remarkable diversity of authors that have contributed to it, ranging from postmodernist scholars or social theorists who rarely, if ever, engage in empirical research to number-crunching empiricists, politicians, and management consultants.”

This surfeit of literature is not reviewed fully here, except to highlight the argument made by Rodrik (2011) that the intellectual consensus of exploiting a globalised economy as the key to trade, growth and prosperity, had begun to falter even before the global financial crisis of 2008. He proposes that the “self-assured attitude of globalisation’s cheerleaders” has all but disappeared and been “replaced by doubts, questions and scepticism” (Rodrik, 2011:xvi).

Rodrik’s (2011) argument and wider debates around achieving economic growth in an interconnected and interdependent global market are relevant to this study in their support of the argument introduced above: that growth, whatever it may be driven by and however it is achieved, is not the silver bullet in the fight against poverty. In a South Africa, where persistently high levels of income inequality are consistently observed, a view of globalisation and growth should be moderated by arguments made by authors like Kaplinsky

(2000) and Rodrik (2011) that globalisation can have unintended, negative externalities.

This theme of inequality is addressed by Hull (2009) in her discussion of segmented labour markets within the analysis of the relationship between growth, employment and poverty reduction. She argues that a segmented labour market, characterised by a polarisation of 'less productive jobs' (lower earning capacity and worse conditions of employment) and 'more productive jobs' (staffed by higher skilled workers with high wages and better conditions), can result in increased employment having a reduced impact on alleviating poverty. Essentially, and somewhat unsurprisingly, even if economic growth may increase employment opportunities, the unskilled workers in low paid positions are less likely to access a successful and sustainable pathway out of poverty, compared to an individual with a more advanced skill set in a higher paid sector. Thus the net impact of this growth will not have a meaningful impact on alleviating poverty.

The concept of economic growth that benefits the poor, as opposed to that which benefits a small section of the population thereby increasing inequality, can be captured by the term 'pro-poor' or 'inclusive' growth. Hull (2009) makes an argument for pro-poor growth, focusing both on supply and demand aspects of the labour market: the availability of employment opportunities and the human capital supplied to the market. The implication for policy makers is that job creation should be prioritised, particularly in sectors with potential to employ the poor, while at the same time seeking to upskill this same pool of employees (Hull, 2009).

Understanding the links between growth, employment and poverty reduction is particularly pertinent in the South African context, with the high levels of unemployment, poverty and inequality mentioned in the introduction; and a growing number of educationally compromised job seekers who are growing increasingly disillusioned and discontented. The findings of the literature reviewed above would suggest that there exists a certain set of constraints to inclusive growth in South Africa, that may stem from the country's history and that these legacies of injustice may be contributing to ongoing unrest and a curtailing of growth.

In this vein, Hull (2009) argues that country specific quantitative and qualitative analysis is

necessary to identify constraints to pro-poor growth' with a focus on factors that constrain job creation, productivity and labour mobility. Islam (2004) concludes that investment in human capital through education and skills training are a 'crucial ingredient' in a strategy for pro-poor growth through a 'pro-employment macro policy regime'. Applying these findings to the inquiry at hand, a focus on both the supply of and demand for labour must be considered - hence the focus of this dissertation on both the training of baristas 'supplied' to the industry, as well as the demand from the coffee industry for this human resource.

2.2 Palliative Development and 'Pro- Poor' Growth

Palliative development, a phrase coined by Cohn (2012:2), speaks to the discourse on pro-poor growth that doesn't bypass, exclude or negatively impact those living in poverty. In his work on employment, development and globalisation (focussing on the experience of Brazil), Cohn (2012:2) describes palliative development as one which is concerned with economic benefits of growth being widespread, and "opposed to disarticulation, benefiting a select few or growth that is supported by oppressive labour regimes that suppress income and standards of living." He makes the case for development policy and programmes that "immediately reduce poverty by raising the employment and income levels for the labour market" (Cohn, 2012:2).

This concept of palliative development is pertinent to this research. It useful to frame the exploration of a project like Ground UP with the aim of understanding the extent to which it might be acting as an agent of palliative development. The focus of this research then, is not on a large scale policy or intervention, but what Baiocchi (2016:423), in his review of Cohn's (2012) book, describes as "small and relatively prosaic policies" that exemplify development that is inclusive. This is juxtaposed to a focus on a large scale macroeconomic policy to drive growth and create jobs.

Cohn (2012:3) points out that this theory of palliative development does not assume a perfect institutional base for growth, which is makes it well suited to the South African context, with unique institutional challenges and a history of apartheid that has

fundamentally shaped and continues to shape the economic, political and social landscape of the country. It is to these contextual labour market conditions that this review now turns.

2.3 South African Labour Market Conditions

There exists a large body of economic investigation by a number of prominent economists into the labour market and nature of unemployment in post-apartheid South Africa. Authors like Bhorat (2004), Leshoro (2013), Burger and Woolard (2005) and Hodge (2009) all draw similar conclusions and point to similar policy recommendations to ensure ‘pro-poor’ growth. While the details of these policy recommendations remain of secondary concern given the scope and purpose of this literature review, it is noted that these findings (briefly summarised below) link to and support the preceding argument made by Hull (2006) for constraints to pro-poor growth, with an additional contribution that strategies can be employed to overcome these constraints. Put simply, once it is understood that it doesn’t necessarily follow that economic growth will benefit the poor, or those working in ‘less productive’ jobs, then strategies and policies, like for example a minimum wage, can be employed to overcome these constraints.

The findings of all of these economic analyses reveal that South Africa has experienced growth since the advent of democracy, but that this growth has not been inclusive: despite the positive growth in GDP (although not always spectacular), unemployment has increased to just over a quarter of the labour force. These authors agree that the argument for ‘jobless growth’ is erroneous, but that rising unemployment can be attributed to a growth in employment that has not matched increased labour participation rates. Burger and Woolard (2005) also address the productivity of jobs created and issues of access, arguing that the poor have a lower chance of finding work, a smaller change of wage income, and even when employed earn wages less than that of the non-poor. Their identification of a segmented labour force, with different groups of unemployed requiring different interventions is linked to the argument made by Bhorat (2004) that structural unemployment drives the uneven distribution of employment (differentiated by race gender, education and location). This argument supports a palliative development agenda, given that it can be argued, looking at GDP growth and unemployment as just two indicators, that government policy has not

achieved desired results as far as growth, employment and poverty are concerned.

While the discussion around economic development and government policy in the South African context is not fully developed here, this brief summary of work on the labour market and persistent challenges of unemployment and poverty, shows the importance of research focussed on understanding an intervention like Ground UP aimed at assisting unemployed people to access economic opportunities in a particular industry.

As this research intends to focus on employment creation in the specialty coffee industry; it is important to understand both the nature of the labour market and the jobs being created, as this provides insight into the potential for the industry to develop pathways out of poverty for baristas. The research questions identified in the forthcoming chapter will allow for exploration of a segment of a sector that employs low skilled, often vulnerable labour, and to use Hull's (2009:69) term is 'less productive', especially when compared with highly productive jobs in the financial services sector, as an example. Having situated this dissertation in a broad discourse around growth, employment, poverty reduction and the context of the South African labour market, it is to this industry; coffee, that this literature review now turns.

2.4 The Specialty Coffee Industry

The coffee industry is certainly one which has received considerable attention in development studies, with a review of literature revealing a collection of academic endeavours that are as diverse as they are numerous. Heller (2007:389) in a review of the movie *Black Gold: Wake up and Smell the Coffee* describes the plethora of work on coffee very concisely;

Perhaps no commodity in today's global economy has received as much attention in recent years as coffee. Not only is it one of the principal commodities studied in the academic sub disciplines of global value chain analysis and agro-food systems, its importance in every geographical region and its rich cultural history in the United States and Europe makes it relevant in not only sociology but also economics, political science, and anthropology.

Why this focus on coffee across so many disciplines? It can be argued that coffee is the perfect means by which the phenomenon of globalisation, a significant discourse in many disciplines, can be conceptualized and illustrated. The notion of 'bean to cup' links North and South so effectively that suddenly that warm and comforting cup of coffee in a trendy cafe in Europe links the drinker to a poverty stricken farming cooperative in a war torn African country. In the words of Talbot (as cited in Bair, 2009:16) "tropical commodity chains are almost always truly 'global'—not only do these chains cross national borders, they also connect producers to consumers across the boundaries of the world-system zones."

The journey from 'origin to espresso bar' is particularly well suited to analysis using the Global Value Chain approach, a discourse that is useful to inform theoretical and methodological aspects of this research and complement the notion of understanding the potential of Ground UP as an agent of palliative development, in the context of the South African specialty coffee industry. The voluminous collection of literature on commodity and/or value chains will now be reviewed in more detail.

2.5 Global Commodity Chains (GCCs) - Global Value Chains (GVCs) - Global Production Chains/Networks (GPNs)

Although these terms "are used interchangeably to describe the sequence of processes by which goods and services are conceived, produced, and brought to market" each of the constructs "have their own history, [their] own theoretical and disciplinary affinities, [their] own substantive emphases and empirical concerns, and, arguably, [their] own political valences" (Bair, 2009:1). In Bair's (2009) seminal review of commodity chain research, since the term was coined more than twenty years ago her stated aim was to examine key differences and similarities between the various approaches, rather than provide any kind of evaluation as to which is preferable. This approach is mirrored here, as these theories are useful for gaining a theoretical understanding of the coffee industry and ways of thinking and writing about the 'bean to cup' journey.

Gary Gereffi, in his role as editor and contributing author of the frequently cited *Commodity Chains and Global Capitalism* became a prominent name in the Global Commodity Chain

paradigm, with his description of 4 dimensions for analysis: “(1) input-output structure, which describes the process of transforming raw materials and other inputs into final products); (2) a territoriality, or geographical configuration; and (3) a governance structure, which describes both the process by which particular players in the chain exert control over other participants and how these lead firms (or “chain drivers”) appropriate or distribute the value that is created along the chain” (as cited in Bair, 2009:9). He later added the fourth dimension, the institutional context, “which describes the ‘rules of the game’ bearing on the organization and operation of chains” (as cited in Bair, 2009:9). The theory of GCCs provides a framework for research into economic systems in a globalised world, with particular reference to how the opportunities presented can be harnessed and challenges overcome such that countries are left better off, or at least not worse off from a development standpoint.

A key concept that is developed by authors like Gereffi in the GCC literature is that of governance. According to Humphrey and Schmitz (2001:1) the concept of governance in GCC research refers “to the inter-firm relationships and institutional mechanisms through which non-market coordination of activities in the chain takes place.” They further argue that this coordination is achieved “through the setting and enforcement of product and process parameters to be met by actors in the chain” (Humphrey & Schmitz, 2001:1).

Governance, defined conceptually above, speaks to the organisations, institutions and individuals in the coffee industry that determine and influence norms and standards, power dynamics and differentials and the economic and social impact thereof. Understanding governance enables an exploration of current economic and social conditions and the potential for upgrading through exploring how Ground UP is situated in this ‘governance landscape’ and how this may impact its ability to act as an agent of palliative development.

In his early work, Gereffi (1996, as cited in Bair, 2009:10) identified producer and buyer driven commodity chains, with distinct patterns of co-ordination and control. He later developed his theory around governance and control in GCCs, proposing 5 types of value chain governance namely market, modular, relational, captive and hierarchy. These are determined by three factors, namely the complexity of transactions, codifiability of

information and capability of suppliers (Gereffi, Humphrey & Sturgeon, 2005). This theme of governance has recently been further developed by Ponte and Sturgeon (2014) who look to explain governance in GVCs at three levels (micro, meso and macro) and describe governance as driving, linking and normalising. Applying this theory to coffee businesses based in London, Carvalho, Paiva, Vieira and Bumblauskas (2016) found that two very different supply chain governance types, namely market and relational governance were able to coexist in order to supply the market.

It is argued that the concept of governance is of particular importance for this research, which focusses on the potential for the specialty coffee industry to achieve social upgrading through creating employment. Defined conceptually above, in the case of the specialty coffee industry, it refers to those key organisations (restaurant, coffee shop and hotel owners or stakeholders) directly involved in the coffee business, as well as other actors (government, civil society and voluntary associations) that influence various aspects of the industry, including working conditions of baristas. The environment under which improved working conditions may be achieved will be influenced by actors shaping the governance context of the specialty coffee industry.

Riisgaard and Hammer (2011) find that governance structures in GVCs impact how power is distributed along chains and propose that labour may be able to utilise different strategies to shape value chains by using the power of lead firms to enforce rights and transform aspects of the employment relationship into barriers for participation in the chain. In a similar vein, Humphrey and Schmitz (2001:1) propose that understanding governance in global chains is key to understanding the distribution of gains, and whether these are spread or captured by particular actors.

The GCC or GVC approach briefly described above frames this case study by highlighting the importance of focussing on how control and governance are exercised in the specialty coffee industry - with specific reference to its impact on labour and in particular the barista. This is in contrast to the prevailing focus on coffee as an agricultural product or commodity, with analysis of governance and control focussed on the power imbalance between the producers (poor farmers) and importers, roasters and consumers. This theme is addressed in the

literature on Fair Trade in the coffee industry.

A review of this extensive body of literature on Fair Trade coffee and work on social and environmental sustainability reveals few gaps for further research endeavours. Jaffee (2014), Fridell (2014) and Raynolds, Murray and Wilkinson (2007) all examine the Fair Trade/sustainability phenomenon that has fundamentally impacted the global coffee production network, providing a balanced analysis of the effects of Fair Trade on the coffee industry which reveals a darker side to the movement whereby higher prices and regulation don't necessarily translate into economic gain for the farmers.

The GCC paradigm, with its focus on the structure and dynamics of different actors involved in a given industry has been critiqued by the 'Manchester school' who propose a Global Production Network (GPN) perspective. Prominent authors argue that preceding frameworks (like firm centric multinational corporation analyses) and related approaches (like global value chains or networks) have been limited in their ability to provide a deeply relational view, and reflect the fundamental and structural nature of how production, consumption, and distribution of goods and services are organised (Coe, Dicken & Hess, 2008).

In essence, a GPN perspective provides a framework to explore the spatial dimensions of the GCC and "seeks to reconcile an appreciation of the multiscalar dynamics of globalization with close analysis of specific networks in situ, and specifically the extent to which global networks are also local in the sense that they are embedded in different kinds of social or institutional contexts" (Hess & Coe 2006; Hess & Yeung 2006, as cited in Bair, 2009:4). This points to the importance of understanding the dynamic and governance structures in the South African specialty coffee industry, in the context of a South African labour market in a global context.

Ernst and Kim (2002:1418) define Global Production Networks as those which "combine concentrated dispersion of the value chain across firm and national boundaries with a parallel process of integration or hierarchical layers of network participants" and provide a framework for understanding economic development in a globalised world. Henderson, Dicken, Hess and Coe (2002) propose that a GPN framework is capable of delivering a better

analytical purchase on the changing distribution of production and consumption.

Methodologically, a GPN framework draws attention to issues of power, networks of firms in the industry, the significance of labour and process of value creation, institutions that influence firm strategy, and prospects for value adding, technology upgrading and capturing economic prosperity (Henderson et al., 2002). This links to the concept of governance and the ways in which power and control are exercised such that economic and social upgrading are achieved, benefiting both firms and labour.

A strength of the GPN framework, through its potential to explore and understand economic and social upgrading, make it particularly favourable in the study of the coffee value chain or production network, as another key discourse in the coffee literature focusses on the uneven distribution of economic upgrading and associated financial gains. For example, there has been increased demand for premium grade coffee, which is traded at a higher price but the extent to which these economic gains have been captured by farmers is less clear. Although distinct from GVC research theoretically, methodologically Bair (2009) points out that there is little to distinguish it as both often employ detailed and empirically rich case studies (as cited in Bair, 2009:4).

Before proceeding to the role of labour in a GPN framework, the terms 'rent' and 'value creation' will be defined, as this is necessary for a meaningful discussion around social and economic upgrading and capturing gains, which are terms themselves measured and defined by the changes in rent and value creation and capture.

Rent is defined economically as "the excess that a factor of production is paid over the amount necessary to keep it in its current employment" (Sloman, 2006:232). Thus rent, in the case of labour, is influenced by wages (determined to a certain extent by supply and demand) which are influenced by both firms as employers and labour as employees. In the case of baristas in the global coffee production network, wages are determined in an imperfect market characterised by high levels of low skilled work seekers (high supply) in the hospitality industry, which puts downward pressure on wages. This results in many baristas working for wages that are less than what is necessary to keep them in their current employment. The outcome may be a potentially non-viable long term employment

opportunity and indicates that the gains from economic upgrading will not be captured by these employees.

The concept of governance is also applicable in a discussion around rent, as these organisations and stakeholders, who are in a position to influence working conditions, and therefore the extent to which social upgrading might be possible, might themselves be in a position to create rent, defined economically as above but also in the broader sense. This broader sense refers to circumstances where, through the control of resources, business owners retain the power to control variables and limit the 'trickle down' effect of growth. Thus in the example of a successful and profitable coffee chain, growth and expansion is prioritised, with wages and working conditions unchanged and used as a benchmark for new stores.

Real wages, defined as nominal wage rate (per hour rate) divided by some measure of prices to reflect what can be purchased by the nominal wage (Ehrenberg & Smith, 2006:30), are also pertinent as it speaks to the cost of living, including transport, food and other factors that influence the extent to which wage employment might represent 'decent work'. 'Decent work' takes place "under conditions of freedom, equity, security and human dignity, in which rights are protected and adequate remuneration and social coverage is provided" (ILO, 1999, as cited by Barrientos, Gerreffi & Rossi, 2010:7), and thereby be a viable pathway out of poverty for the baristas.

Value creation, as it is used here, refers to the productive activities by baristas in the final link in the global coffee production network that enable coffee shops to charge customers for their products. While avoiding an in-depth economic analysis of these organisations and the hospitality industry more generally, the term is employed here with the view to comparing the value added by the barista through their skills (both technical and customer service) that adds value to the bottom line of their employers. These are key concepts as they speak to issues of governance and upgrading in production networks, which is discussed in Chapter 5: Analysis.

Throughout GPN/GVC/GCC literature the concept of upgrading is central to understanding development in a global economy. Economic upgrading, "understood as the process whereby

firms improve their position in terms of value added and productive capacities within value chains” (Barrientos, Mayer, Pickles & Posthuma, 2011:301) can also be further differentiated into “distinct types of economic upgrading, including process upgrading, product upgrading, functional upgrading and intersectoral upgrading” (Milberg & Winkler, 2011:343).

Milberg and Winkler (2011:343) also state that economic upgrading is hard to quantify but “seems to be one of those things that fits the phrase ‘you know it when you see it’”. In the case of the coffee industry, economic upgrading could be observed by a premium price paid for better quality, processed green coffee whereby farmers are paid more per kilo for coffee cherries. Social upgrading, which “refers to improvement in the terms, conditions and remuneration of employment and respect for workers’ rights, as embodied in the concept of decent work” (Barrientos et al., 2011:301) is most more easily quantified especially with regard to employment and wages.

In the same way that economic growth is not necessarily ‘pro-poor’, so can economic upgrading occur without social upgrading, whereby at a firm level more value is being created and added by labour (baristas) but this value, quantified as economic profit is being captured by shareholders or management, as opposed to labour capturing these gains through increased wages or improved working conditions. As Barrientos et al., (2011:301) point out, “the empirical evidence suggests that economic upgrading can, but does not automatically or inevitably, lead to social upgrading” but that research into, and an understanding of the conditions under which both firms and workers can benefit from upgrading, can inform policy and strategy to ensure that labour too captures the gains. It is to this question of upgrading and capturing gains that this review now turns

2.6 The ‘Development Question’: the role of labour, value chain upgrading, capturing the gains and potential for job creation

While much of the GPN analysis of the coffee industry focuses on economic upgrading, coffee as an agricultural product or commodity remains the most common unit of analysis, with the role of labour a secondary consideration in these papers. However, the impact of globalisation and ethical trade on labour is also fairly well represented in the literature. Studies into the impact of globalisation, ethical trade, deregulation and economic

liberalisation find workers have benefited from interventions aimed at improving working conditions; such as codes of practice as studied by Barrientos and Smith (2007) or firm upgrading as studied by Barrientos, Gereffi and Rossi (2010). Both found that these interventions often fall short of achieving gains (in pay, working conditions etc.) for workers despite the value they create. This is a significant finding both in its application to labour throughout the global coffee production network for coffee producers at various points in the network, be it on a farm or in a coffee shop.

Barrientos, a prominent contributor to literature on GPNs, was a lead researcher in the Capturing the Gains initiative; a research network which brought together experts from North and South, to develop an applied research methodology to investigate “the opportunities and challenges for promoting economic and social upgrading within GPNs, in order to capture more of the gains for poorer producers and workers” as well as the “the emerging governance structures which would support the sustainability of this upgrading” (Capturing the Gains, 2010). This dissertation contributes to this agenda, through exploring a case that is aimed at social and economic upgrading for labour in the specialty coffee industry.

Regarding conditions that are conducive to upgrading, Barrientos (2012:3) argues that “no one actor can work in isolation if economic and social upgrading in value chains is to become a reality for the millions of workers. It will be through engagement of all actors – companies, trade unions, NGOs and government – that we see results. Alliances between stakeholders are critical.” The central aim of this research can thus be framed by this GPN theory, using the organisational case of Learn to Earn and Ground UP, one such alliance, as a lens to understand the potential for upgrading and capturing of gains in a specific part of the coffee production network. It seeks then to understand the potential for social and economic upgrading than can be achieved by those producers of espresso based beverages for sale to the public, contributing to the body of literature on the conditions under which gains can be achieved and shared.

It has been shown that GCC/GVC/GPN theory is particularly useful for examining economic upgrading in the coffee industry where the focus is on the commodity. However, given this

research ‘zooms in’ on one area of the global coffee production network, the predominant application of this is to understand the broader picture in terms of the various networks and governance structures influencing not only the commodity, but the industry as a whole. This provides a framework for exploring conditions under which social and economic upgrading can take place.

It is argued that there should be a continued focus on the potential for upgrading in the coffee industry as a whole (with a focus on the commodity and importance of Fair Trade, Rainforest certification etc.) as well as on the potential for social upgrading in the employment created by those firms involved in the sale of espresso based beverages.

It is anticipated that this research will contribute to a better understanding of governance and control in the final link in the chain, with reference to the extent to which the baristas might benefit from the gains that are created through their production of espresso-based beverages. Focussing on the role of a barista in a global coffee production network in SA contributes to the literature both on unemployment and poverty reduction through focussing on the value created and rent derived from the final link the coffee chain: from cup to consumer. In this instance, the discourse of Fair Trade coffee as a commodity, as part of a larger GPN analysis, remains a secondary concern and this research highlights a case for social upgrading in a unique context in which the impact of employment creation might be explored.

This section has provided a brief introduction to the main bodies of literature that will inform both the methods and framework of analysis for this project, namely GPN theory and the concept of palliative development. The GPN framework, with the notions of upgrading and capturing gains, illuminates how the potential for the specialty coffee industry to create employment can be understood from a theoretical standpoint, and the theory of palliative development provides an alternative to more widely promoted development strategies (often expensive, large scale investment by government), through advocating for an intervention focussed on job creation that can have a sustainable and possibly large scale impact.

This review of the pertinent literature has been a formative process for the research design

and methodology, giving a theoretical framework on which to address the research questions and language to describe relevant concepts and ideas. It also highlighted that a suitable research methodology must allow for an analysis of the potential for social and economic upgrading in the global coffee production network, specifically in the 'cup to consumer' aspect of the production network, using the Ground UP barista training project as a lens. It is to this thorough description of a research methodology, including a rephrasing of research questions in light of the theory and literature presented above, that this paper now turns.

3. Research Methodology

Any sociologist, in particular one that has recently completed a research methods course, would argue that in approaching any academic inquiry, the first question to be addressed is the ontological question: “what is the form and nature of reality and, therefore what is there that can be known about it?”, followed by the epistemological question: “what is the nature of the relationship between the knower and the would-be knower and what can be known” and finally the methodological question: “how can the inquirer (would-be knower) go about finding out whatever he or she believes can be known?” (Guba & Lincoln, 1994:108).

In this instance, given the context out of which this research was birthed, this line of questioning was reversed. In the introduction to this dissertation, the researcher’s motivation for this inquiry was briefly alluded to, and it is in this chapter that this will be explored more fully. In essence, this paper is borne out of the desire to turn what Babbie and Mouton (2001:5) term ‘ordinary knowledge’ based on first-hand experience of a barista training project and the specialty coffee industry, into ‘scientific knowledge’ that might be used to improve an understanding of social life, with an emphasis on putting development theory into practice.

The purpose of this chapter then is to justify, using relevant literature, the use of the Case Study method as an appropriate and effective technique, given the central aim of the research, which is broken down into two main research areas. It will describe fully the methods used to understand employment creation in the Global Coffee Production Network, through exploring both the Ground UP case and the South African specialty coffee industry, and then utilise this data explore the potential for social and economic upgrading for labour in the industry.

3.1 Central Research Question and Research Focus Areas

As stated in the introduction, the central aim of this research is as follows:

To explore the potential for social and economic upgrading in the specialty coffee industry with specific reference to role of the labour and in so doing understand the extent to which Ground UP, a skills training intervention, might be classified as an agent of palliative development in so far as it provides a pathway out of poverty through wage generating employment.

From the central research aim, a dual research focus is established, with the Ground UP project on the one hand, and the context in which it operates on the other. An in-depth description of these two areas forms the foundation for an analysis which will enable the achievement of the central research aim as stated above.

3.1.1 Exploring the specialty coffee industry in South Africa.

- Defining ‘specialty’ and what constitutes the specialty coffee industry.
- Understanding trends in the industry over time, with a focus on the jobs created.
- Identifying related value chains and complementary industries: green bean importing, roasting, equipment etc.
- Defining the term barista and training, qualifications and career paths.
- Reporting average wages and working conditions for baristas and waitrons.

A description of the specialty coffee industry in South Africa provides a context in which to understand the journey of the Ground UP baristas, and through looking at growth trends and predictions, particularly as they relate to employment opportunities, the scope and nature of jobs created can be ascertained. This will, in turn, contribute to a discussion around the potential for Ground UP to facilitate palliative development, through connecting suitably trained baristas to existing industry opportunities.

3.1.2 Exploring the outcomes of the Ground UP project; focussing on quantitative, measurable outputs and a qualitative investigation into the experience of beneficiaries.

- Explore student motivation for pursuing training: student expectations/goals/dreams, initial coffee knowledge, passion as a driver, previous exposure to the industry.
- Did their initial perception of what being a barista entails change over time?
- Explore trainee experience of the course – highlights, lowlights, and change in interest in coffee (drinking/preparing).
- Summarising and describing course outcomes: numbers trained, completed, competent.
- Exploring the current economic activity of graduates: are they currently working in the coffee or hospitality industry?
- Explore graduate perceptions (positive and negative) of working as a barista.

Data gathering on Ground UP is essentially a ‘supply side’ investigation, seeking to understand what calibre of human resource the project is supplying to the industry. This will include understanding the motivation for the project by Learn to Earn with its associated theory of people development and skills training. To discuss the potential for employment that creates a pathway out of poverty, it is important to understand what Ground UP graduates are bringing to the market.

From the preceding chapter in which the literature on unemployment, growth and poverty reduction were examined, as well that the discourse of Global Production Networks, it is clear that an appropriate research methodology must allow for investigation that is suited to “the analysis of the spatial creation, enhancement, and capture of value – defined as surplus value and economic rent” (Hess & Yeung, 2006:8) in the global coffee production network. This speaks to the importance of understanding context and key industry players; themselves creators of value and capturers of rent.

The research questions identified above guide data collection for a descriptive case study that can be used to explore the potential for social and economic upgrading in the specialty

coffee industry (a pathway out of poverty), with specific reference to the role of labour, and in so doing understand the extent to which Ground UP might be classified as an agent of palliative development.

3.2 Ontological and Epistemological assumptions

Given the interaction of the two research areas (Ground UP and the coffee industry) within the context of a Global Production Network, with the aim of understanding this activity and its potential impact on unemployment in this broader context, the case study method was an obvious choice. However, as per the introduction to this chapter, a thorough inquiry into ontological and epistemological assumptions must be completed for the sake of rigour and completeness. This 'back to front' approach, of thinking through implied paradigms and epistemologies is in fact supported by Morgan (2007) in his argument for a pragmatic paradigm. He proposes that equal attention should be paid to the connection between method and methodology, and methodology and epistemology using the study of methodology "to connect issues in epistemology with issues in research design, rather than separating our thoughts about the nature of knowledge from our efforts to produce it" (Morgan, 2007:68).

Babbie and Mouton (2001:49) utilise the term 'methodological paradigms' to include the methods and techniques that a social researcher may apply, as well as the assumptions and underlying principles regarding their use. In this case the qualitative research paradigm would be most applicable given that the case will be studied from an emic or insider's perspective, with the goal of describing and analysing rather than predicting human behaviour (Babbie & Mouton, 2001:53). Babbie and Mouton (2001:61) identify a third methodological paradigm; PAR (participatory action research) which, they argue, is epistemologically distinct from qualitative and quantitative paradigms as it postulates participation to the extent of shared ownership of the research process through emphasising the 'co researching' element of an enquiry.

While this research would not be classified as PAR, for a number of reasons (with a full discussion beyond the scope of this paper), this methodological paradigm does provide an

understanding of how ideology, knowledge and power are bound up together (Babbie & Mouton, 2001:62). It highlights issues of bias and power in the research process, with particular reference to the role of the researcher as an employee of Learn to Earn. These issues, particularly as they related to study limitation and sources of error, are discussed more fully below.

The ontological and epistemological assumptions that are implied through methods and techniques associated with the qualitative paradigm are thus that the world is not; as a purely positivist research would suggest, a concrete structure but rather one where human beings do not just respond to the social world, but may actively contribute to its creation (Morgan & Smircich, 1980:498). Thus a quantitative paradigm would not be appropriate in studying the Ground UP case in the context of the South African coffee industry.

This research is exploratory and descriptive in nature, and will employ more inductive analytical strategies; also characteristic of the qualitative research paradigm (Babbie & Mouton, 2001:53). Viewing this case within the GPN framework, there will be an analytical focus on the production network dynamics, specifically analysing the service aspects of the industry and labour's role in creating value in the coffee production network. This inductive approach will allow "research findings to emerge from the frequent, dominant, or significant themes inherent in raw data" (Thomas, 2006:237). These analytic strategies are described more fully toward the end of this chapter.

Morgan and Smircich (1980:499) argue that any research technique can be made to serve the research requirement, with any of the positions along the subjective objective continuum and that the precise nature of how they are used depends on the stance of the researcher and how the researcher chooses to apply them. They further state that qualitative research stands for an approach, not a particular set of techniques, and that its appropriateness is contingent on the nature of the phenomenon to be studied (Morgan & Smircich, 1980:499). The stance of this researcher, through being at once researcher, employee and coffee enthusiast, and the bias that this introduces, will necessarily generate a particular form of knowledge. Ongoing reflection and interrogation of this stance and its implications to the research process will add to the discussion on limitations and sources of error, which are

addressed below through a discussion of rigour in qualitative research.

3.3 Rigour and Trustworthiness in Qualitative Research

Tobin and Begley (2004:390) define rigour as “the means by which we show integrity and competence: it is about ethics and politics, regardless of the paradigm.” They further posit that although the traditional criteria of judging research in a quantitative paradigm, namely validity (both external and internal), reliability and objectivity have been argued to be inappropriate or incompatible for the qualitative paradigm, demonstrating integrity and competence in research can still be achieved through appropriately placing these concepts in the epistemology of the work being done and the aim of the research project (Tobin & Begley, 2004). One way in which this reframing can be achieved, which may be argued to be largely a different way of saying the same thing, is to utilise the concept of ‘trustworthiness’.

Following Lincoln and Guba (as cited in Tobin & Begley, 2004:391) this notion of trustworthiness is applied as an analogous term to that of rigour, and the concepts of credibility (comparable with internal validity), transferability (comparable with external validity), dependability (comparable with reliability) and confirmability (compared with objectivity/neutrality), are introduced as criteria to judge the soundness of this research. For each, pertinent ethical considerations and sources of error are described.

Credibility and transferability speak to the concept of validity, used conventionally to refer to “the extent to which an empirical measure adequately reflects the real meaning of the concept under consideration” (Babbie & Mouton, 2001:112). Applied to this study, this speaks to the extent to which the data collected is a credible representation of the Ground UP case and the specialty coffee industry (credibility), and the extent to which the conclusions drawn from this research into this case can be generalised to other cases (transferability). With reference to the former, prolonged engagement with the project through the researcher’s proximity to the project as an employee of Learn to Earn, combined with the multiple sources of evidence as prescribed by the case study approach, ensures a degree of credibility. It is noted that this credibility may be enhanced by ‘member checking’ by other staff members, or individuals working in the coffee industry.

With reference to the latter, the conclusions and knowledge generated from this research are limited in their generalisability due to the unique characteristics of this case. Indeed the notion of Ground UP as an agent of palliative development, speaks to the specificity of the case given a particular context. That said, it is proposed that while findings may be generalised to other cities in South Africa (which has implications for the replication and scalability of the project), they would not necessarily hold true for other countries. While this criteria for rigour is prioritised in quantitative research, given that the aim of this research was to explore a small scale development intervention, this is not viewed as compromising the trustworthiness of this research.

The dependability of this research, argued to be a prerequisite for credibility, relates to the researcher's ability to provide sufficient evidence that if the inquiry were to be repeated for another case, with a similar context and respondents, that the findings would be similar (Babbie & Mouton, 2001). An audit trail, keeping track of the critical incidents and account of a process of the inquiry, and the notion of keeping a journal for the purposes of reflection (a self-critical account of the research process including internal and external dialogue), can be used to determine dependability (Tobin & Begley, 2004:392). Babbie and Mouton (2001:278) argue that this can also be used to determine confirmability, which they define as the "degree to which the findings are the product of focus of the inquiry and not of the biases of the researcher."

On a review of the research process and reflection it became clear that, as is often the case, the researcher's dual role of both a Learn to Earn employee and independent researcher, introduces bias and sources of error through two main channels. The first of these is the natural disposition of the researcher to identify and sympathise with the beneficiaries of the programmes. To mitigate this, care was taken to ensure that this bias did not impact the questions asked interviews (through recording questions to be asked/topics to covered and defining the purpose of the interview to keep on track), or data collected (focus on multiple sources for each research question).

The second source of error introduced is through the beneficiaries' perception and response to the researcher through their understanding of her role in Ground UP and Learn to Earn. While care was taken to explain to them the purpose of the research, and other organisational processes (like student follow ups), the researcher remained cognisant of the likelihood that the trainees and graduates may have associated her with work opportunities and other resources and networks.

This chapter has thus far covered the ontological and epistemological assumptions made, and provides a justification and explanation for taking a qualitative approach to exploring the Ground UP case. Key research questions and areas of focus have been identified to guide data collection, to ensure that the central research aim is achieved. The chosen method in will now be described in more detail.

3.4 The Case Study Method

Yin (2009:11) proposes that the case study method is preferred when examining contemporary events, as it relies on the same techniques as an historical investigation, but with the addition of "direct observation of the events being studied and interviews of the persons involved in the events". The unique strength of a case study is thus "its ability to deal with a full variety of evidence – documents, artefacts, interview and observations" (Yin, 2009:11). The various components of case study research design (research questions and propositions, units of analysis, strategy for linking data to proposition, and criteria for supporting findings provide structure and rigour to explorative research, while supporting the inductive process, is suited to a 'less structured' methodology (Yin, 2009:27).

3.4.1 Data collection

This research utilises a single case design; with the Ground UP project and the South African specialty coffee industry as focus areas within the global coffee production network. The rationale for this single case design is the revelatory case "where the investigator has an opportunity to observe and analyse a phenomenon previously inaccessible to social enquiry" (Yin, 2009:48).

The researcher's proximity and access to the Ground UP project as an employee of Learn to Earn as well as a basic knowledge of and links into the specialty coffee industry are conducive to rich qualitative research. As proposed by Yin (2009), the following six sources of evidence have been utilised during the research. For each a short description is provided, including, where appropriate, strengths, weaknesses and ethical considerations.

i. Documentation

The majority of the documentation gathered for this research was found on the internet, with the Learn to Earn website and Facebook page providing contextual information and details of the Ground UP project (including course information) and the baristas. Other sources of documentation collected included newspaper and web-based articles on the coffee industry and job adverts for baristas (collated into one document for the purposes of comparison).

Collection of this documentation was an ongoing activity, beginning before the research questions had been crystallized, at which point the search and collection could be more focussed on specific topics. All documentation was recorded with the date at which it was collected, and summarised where relevant for the purposes of analysis.

It was recognised, following Yin (2009:103), that the information contained in documents collected for a case study may contain some bias, and be inaccurate and as such should not be accepted as literal recordings, but rather used to corroborate and augment information from other sources. When documentation was found to contradict other sources of evidence rather than being corroboratory (Yin, 2009:105), it served to create impetus for further probing. In this case, documentation was also used for corroboration of evidence gathered through other methods.

ii. Archival records

This research relied fairly heavily upon archival records of Learn to Earn, in particular the customised CRM database that has a wide range of application in the organisational context. It is used to capture and store student details, course information etc., and as such is an important tool for monitoring and evaluation (M&E). It has also been customised to capture information relating to student activity following graduation, providing a mix of qualitative

and quantitative data. Basic descriptive statistics gathered from this database serve to explore the outcomes of the training thus far.

This source of evidence, to which the researcher has full access as an employee of Learn to Earn, is stable, unobtrusive, to a large extent exact, and enabled a broad overview of the course outcomes to date. As information is added to the database by various staff members and is constantly updated, it serves as a good indicator of course outcomes, including the number of students registered, completed and those competent in their core skill. Student follow ups, completed by trainers, placement officers and support staff, provide information on students' economic activity and progress after the training. This information is then stored on the database. Following Yin (2009:106) the researcher, as an employee of Learn to Earn, noted the conditions under which it was produced and its accuracy, allowing for human error in data capturing.

Another particular concern when working with the database are the ethics related to privacy, intellectual property and the extensive personal information contained in these records. This risk is partly mitigated by organisational processes designed to protect personal information (including consent from beneficiaries, secured access to the database, and policies related to its use), and by steps taken by the researcher to ensure that informants and beneficiaries of the project remained anonymous as far as possible.

iii. Interviews

According to Yin (2009:106) the interview, as a guided conversation as opposed to a structured query, is one of the most important sources of case study information. Following H.J Rubin and Rubin (1995) the stream of questions was more fluid than rigid, but with a consistent line of inquiry (as cited in Yin, 2009:106). This consistent line of inquiry was guided by the primary research questions and the use of a written document recording the general aim of the interview.

In the initial data collection stage, four short, focused, one-on-one interviews were conducted. The informants were selected using a purposive sampling method, based on time and resource constraints and aims of the study, as set out in the research questions. These

informants were selected for the purpose of investigating the content and form of the Ground UP training, the placement of graduates, and the experiences of barista graduates post training.

Thus interviews were conducted with the Ground UP barista trainer, the placement officer and two barista graduates, one of whom is employed at a local coffee shop and the other as a Ground UP Mobile employee. These qualitative interviews were, as Babbie and Mouton (2001:289) describe, “essentially a conversation in which the interviewer establishe[d] a general direction for the conversation and pursues specific topics raised by the respondent.” These interviews were relaxed and informal as a result of the researcher being an employee of Learn to Earn and well known to the respondents, which enabled an easy and relaxed atmosphere in which they could talk freely. The challenge for the interviewer was to avoid questions which revealed bias, and to adopt the role of the socially acceptable incompetent (someone who does not understand the context/situation), to avoid a case of respondents assuming a position or level of understanding by the interviewer (Lofland, 1995:56-57, as cited in Babbie & Mouton, 2001:290).

A focus group interview was conducted with the current group of trainees in the last week of their training, with the intent of understanding their journey in coffee, experience in the course and, plans for the future. The decision to use a focus group was taken with the aim of generating group discussion around the trainees’ experience of the course and their exposure to the hospitality industry, allowing the students to make use of a space in which they could “create meaning among themselves, rather than individually” (Babbie & Mouton, 2001:292).

While individual responses were given easily and freely; limited debate, interaction and discussion resulted in the data gathered being more characteristic of a collection of individual interviews than a focus group. Despite this, the group discussion around the students’ experience at different coffee shops did provide “direct evidence about similarities and differences in the participants opinions and experiences as opposed to reaching such conclusions from post hoc analyses of separate statements from each interview” (Morgan, 1997:8,10 as cited in Babbie & Mouton, 2001:292).

Interviews ranged in length from 10 minutes to half an hour, and were recorded for the purposes of transcription and to enable the researcher to be an active listener, without the distraction of note taking and recording key quotes. Previous research experience conducting recorded interviews ensured that disruptions or distractions from using the device were minimal. All informants were provided with a comprehensive consent form, which was explained to them by the researcher before proceeding. This included the purpose of the study, the use of a recorder, and their right to privacy and confidentiality. A copy of this form can be found in Appendix A.

As addressed more comprehensively earlier in this chapter, the researcher's proximity to the project as an employee of Learn to Earn, and to a lesser extent direct involvement in the Ground UP project, may have impacted the quality of data collected through influencing a respondent's chosen response to certain questions. This was mitigated through attempts by the researcher to carefully explain the purpose of the interview and research.

iv. Direct observation

Given the researcher's close physical proximity to the project, and direct involvement on an ad hoc basis, a large amount of casual direct observation occurred. This was recorded in a document for the purposes of reflection and later analysis. Yin (2009:111) proposes that the use of multiple observers increases the reliability of observational evidence, which was not possible given the scope and resources of this research. The data gathered through observations of 'on campus events', including training, student interaction (direct and observed) and off campus events related to the coffee industry (including attendance of the Specialty Coffee Association of South Africa meeting), would be used to corroborate other evidence gathered from different sources, as well as inform questions for interviews.

v. Participant observation

At this juncture, it is useful to clarify the researcher's role at Learn to Earn, and in so doing the interactions with Ground UP in this capacity. The researcher is employed as a fundraiser for the organisation as a whole, working with a variety of stakeholders and donors who provide funding for the various programmes offered by Learn to Earn. In this capacity, the

researcher is involved in project implementation and interacts with students insofar as it enables the collect of data and completion of tasks necessary for proposal writing, and reporting to and communicating with various stakeholders. In summary, the position involves donor relations, PR and marketing, as well as some level of monitoring and evaluation. In her personal capacity, the researcher is regularly exposed to the specialty coffee industry through her passion for great coffee as frequenter of specialty coffee shops, attendance of coffee events (for example as a technical judge at the 2015 national barista championships), and following various industry professionals on social media.

Due to the fact that Ground UP is a relatively new project for Learn to Earn, existing employees have been required to take on some additional roles and functions, as an interim measure as the programme gains momentum. In the future, given increased financial support and some measure of self-sustainability, these roles will be covered by staff designated to Ground UP. Thus the opportunity presented to the researcher to assist with Ground UP specific tasks was taken and used to assist with gathering case specific data. In particular, this included interviewing potential students and conducting the pre-course assessment (as part of standardised registration processes), as well as forming part of the panel conducting mock interviews as part of the job readiness aspect of the course. Other activities included driving students to their excursion to a local coffee roaster, and working at some events where Ground UP (and the trainees) provided a coffee solution.

While this opportunity for ongoing involvement with the project allowed the researcher the opportunity to gain more of an 'insider perspective' and gave access to the project that would have been impossible for an outsider, Yin (2009:112) does caution regarding some "major problems" that may result through potential bias created. The trade-off between the opportunities and problems created through participant observation was considered and where possible mitigated to protect the rigour of this study, as discussed earlier in this chapter.

Yin (2009:114) identifies three principles of data collection that were applied in this study. The first is to use multiple sources of evidence, which allows for investigation into a fairly

broad range of issues in the Ground UP case, and the development of converging lines of inquiry into facts corroborated by the various sources. The second principle is creating a case study database, where all information to be included in data analyses was stored, with all documentation, notes and recordings dated and saved on a computer for easy access and retrieval. The third principle of maintaining a chain of evidence increases the reliability of the information in the case study, through allowing the “external observer to follow the derivation of any evidence from initial research questions to ultimate study conclusions” (Yin, 2009:122)

3.4.2 Data Reduction, Display and Analysis

Authors like Thomas (2006), Yin (2009) and Leech and Onwuegbuzie (2007) agree that techniques and choice of an analytic strategy in the qualitative paradigm are often least developed and most challenging aspects of doing research, and the case study method does present some challenges in achieving the three broad tasks of data reduction, data display and data analysis (Miles & Huberman, 1984:10).

This research relied on GPN theory to isolate the specific section of the coffee industry that relates to Ground UP, providing a framework to explore the industry’s potential to create meaningful employment. As such, Yin’s (2009:130) suggestion of relying on theoretical propositions as a general strategy for analysis would have appeared to be most appropriate. However, while this theory can be used to guide the analysis through focussing attention on certain data that pertains to service aspects of the industry while ignoring others (Yin, 2009:130), it is argued that elements from another two strategies also proposed by Yin (2009) are also appropriate. These include developing a detailed case description and the use of both quantitative and qualitative data, such that for both research areas data is reduced and displayed so that the research questions are answered in a rigorous and complete manner.

These two case descriptions, of the Ground UP programme on the one hand, and the specialty coffee industry on the other, will provide the basis for a discussion around the potential for the industry to create economic opportunity (both employment and entrepreneurial activities) that Ground UP baristas can take hold of. In addition, using information from the

case, the potential for these opportunities to be a pathway out of poverty for these individuals will be demonstrated. Thus the analytical strategy to be employed is to, through detailed case description, examine the potential for economic and social upgrading for baristas in the specialty coffee industry, and the extent to which Ground UP enables unemployed people to access and exploit these opportunities. As such, the analysis elucidates how Ground UP is acting as an agent of palliative development.

4. Results

The Case Study Report

The previous chapter explored the ontological and epistemological assumptions made in this study and associated methodological choices, in particular the case study approach. It provided more information on the various sources of data used and concluded with an introduction to a discussion around the ethics, reliability and validity of each of these sources of evidence, a thread that will be re-introduced in the discussion chapter still to come.

This chapter is divided into two distinct sections. The first focusses on the speciality coffee industry, and includes a history of coffee as a commodity, consumption trends and patterns and how the term 'specialty' or 'speciality' is understood and applied. It introduces the notion of three waves in coffee, the South African Specialty Coffee Association (SCASA) and describes the South African specialty coffee industry with associated employment and economic opportunities. The second section focusses on the Ground UP project, with a history of the project, details of the training provided and present the results of the intervention.

Chapter 5, Analysis and Discussion, will move from pure description to exploring the extent to which the specialty coffee industry might provide a pathway out of poverty, with specific reference to the experience of the Ground UP beneficiaries. In essence, this is examining the fit between the 'outputs' from the Ground UP project, and the industry in which these baristas will work, with an emphasis on the potential for these jobs to provide a pathway out of poverty.

4.1 The Specialty Coffee Industry

It has been argued that the GPN perspective provides a framework to “explore the spatial dimensions of global commodity chains and, amongst other things, the extent to which global networks are also local in the sense that they are embedded in different kinds of social or institutional contexts” (Hess & Coe 2006; Hess & Yeung 2006, as cited in Bair, 2009). This social and institutional context can also be understood from a historical point of view, examining where a particular commodity or industry has its roots. This report will begin with describing the history of the coffee industry, then move to defining ‘specialty coffee’, the coffee industry abroad and in South Africa, the role of the Specialty Coffee Association of Southern Africa (SCASA) as a key institution, and employment created in the industry.

4.1.1 A brief history of coffee

The history of coffee begins in Ethiopia, and although historians do know exactly when or by whom coffee was first discovered, a number of legends exist. The most entertaining of these, argues Pendergrast (2010) involves dancing goats, a goatherd named Kaldi and the simple chewing of coffee beans and leaves from the coffee tree. Moving from the mythical to facts which can be more easily verified by credible historical evidence, Pendergrast (2010) describes how coffee was first mentioned in a medical text by a Persian physician named Rhazes in the tenth century. By the fifteenth century coffee, as it is known today, existed; coffee beans roasted, ground and made into an infusion (Pendergrast 2010). The Turkish, who at this time controlled Yemen, maintained control of global production until seeds were smuggled out the country by a Muslim pilgrim, and the Dutch East India Company managed to transport a tree to Holland from Aden (Pendergrast, 2010).

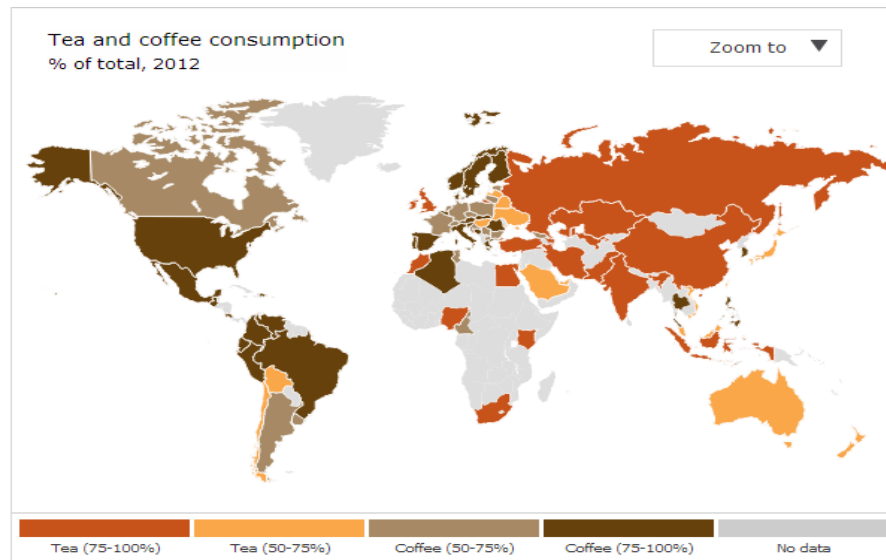
Today coffee is consumed in every continent, by millions of people on a daily basis. Preferred methods of preparation and rituals are as varied as the flavour notes in coffee and trends show that even traditionally tea drinking nations are increasingly reaching for a coffee instead. Britons spent £7.9bn in coffee shops in 2015 (Davidson, 2015) and the retail value of the US coffee market is estimated to be at \$48 billion dollars (SCAA, 2015). This year, a number of World Coffee events (Barista, Latte Art, Cup Tasting and Brewing) were held in

Asia in Shanghai. This speaks to new and growing markets for coffee with the International Coffee Organisation finding that coffee consumption in China has grown at around 16% per year over the past ten years (as cited in Hruby, 2016).

This trend towards a higher demand for and consumption of coffee is evidenced in work done by Grigg (2002), in an analysis of coffee and tea consumption across the world. He concluded that no simple model can be provided to explain the patterns of consumption, but proposes that one should look at the geography of consumption from different viewpoints, so allowing investigation into how culture, historical factors and income might affect beverage choice (Grigg, 2002). Interestingly, South Africans consume more tea than any other hot beverage, according to the map below. While the focus of this research excludes an extensive anthropological and sociological discussion around cultural, geographical, historical and economic factors influencing consumption, they remain important considerations when trying to understand consumer behaviour. Grigg's (2002) argument that coffee consumption is influenced by income per capita (and that tea is not) would seem to be supported by the South African case, that the majority of the population drink tea, which is comparably much cheaper, and of those who choose to consume coffee; the majority prefer instant over espresso based coffee, which is also comparatively a more cost effective option.

Given the fact that six of the top twenty coffee producing countries worldwide are African (Scholer, 2006a) it is unfortunate, as reflected in the map below, that country level data on beverage consumption for other African countries was less readily available (or reliable), and was thus omitted from analysis on consumption patterns. It was found by Scholer (2006b) that nine of the top ten coffee consumers are European countries, and only two coffee producing countries were listed in the top twenty consumers.

Figure 1: Map showing coffee and tea consumption across the world



(Euromonitor International, 2012)

Despite the fact that the map above suggests that the average South African is more likely to reach for a cup of tea, a chicory/coffee blend or even high grade instant coffee, it remains true that espresso based beverages, capsule coffee and the specialty coffee industry are gaining momentum. This is supported by various articles in print and online media, as well as statistics drawn from the food and beverage sector. The Statistics South Africa Food and Beverage Report indicates that coffee shops have contributed to around 2.8 percentage points of the positive annual growth around takeaway and fast food (Statistics South Africa, 2015). It would certainly seem that South Africa has left behind what the CEO of Vida e Café describes as “faintly embarrassing instant coffee roots” (Bizcommunity, 2015). The proliferation of coffee shops like Vida é Café, Bootlegger and Seattle Coffee Company, the upgrading of coffee offerings by existing food and beverage retailers (Woolworths, Wimpy, and Checkers), increasing popularity of Nespresso capsule coffee machines, and the recent launch of international coffee brands like Starbucks, are also evidence of a growing industry, both in size and sophistication.

The description of the coffee industry thus far has had a distinct ‘commodity focus’, with statistics relating to demand for coffee as a product. As mentioned in Chapter 2 in the review of GCC/GVC/GPN, and as dictated by the aim of this research endeavour, it is necessary to

focus this description of the specialty coffee industry on labour - specifically on the producers of coffee as the final link of the chain. The impact of this industry, particularly as it relates to employment creation in a context of high unemployment rates, reroutes the discussion from coffee beans to the final ‘producers of specialty coffee’ – and on the ‘barista’ profession.

This distinction and focus on the human capital aspect of producing coffee for consumption in cafes, bars, restaurants and hotels, relegates the arguments and debates around what defines coffee as specialty to a matter of context and interest, and focusses this research on the specialty coffee industry in relation to the jobs it offers to those who will be employed to produce it. That said, it is necessary to define what is meant by the term specialty coffee, for the sake of a complete description and to provide boundaries and parameters that guided this research (for example, the omission of employment creation in the capsule coffee industry).

4.1.2 What is specialty or speciality coffee?

In this report thus far the term specialty (used predominantly in the US) or speciality (used predominantly in Europe, UK, Australia and South Africa) has been used to distinguish a specific standard of coffee as a commodity, specifically excluding the instant coffee production network. In this vein, the Global Production Network referred to in this paper is the journey of the coffee bean from farmer to roaster to consumer, with a focus on the role of the barista in the final stage of production, again to exclude coffee destined to be made into instant or capsule coffee. However, it is necessary to start with the industry recognised definition of what can truly be termed ‘specialty’ coffee.

International coffee norms and standards are driven and controlled by Speciality Coffee Associations, with the largest and therefore most influential associations being those of Europe and America. In August 2016 it was reported that, following a vote by members of the Speciality Coffee Association of America (SCAA), the organisation would merge with the Speciality Coffee Association of Europe (SCAE) and that “their respective members will now be part of a larger, unified professional specialty (or speciality) organization” (Brown, 2016).

It will be called the Specialty Coffee Association (Brown, 2017). For the purposes of this report, the definition of specialty coffee as per SCAA was used as a point of reference, for a 'narrow definition' and then adapted to include roasters and establishments working with coffee ranging in quality from Exchange Grade, to Premium Grade and finally Specialty Grade (Griffin, 2006).

The SCAA Protocols for Cupping Specialty Coffee (SCAA, 2015b) give precise steps to be followed in testing coffee to arrive at a score which classifies the coffee as 'specialty' or 'not specialty'. This score is based on the fragrance/aroma (of ground coffee) the flavour, aftertaste, acidity, body, and balance (in first taste of a coffee/water infusion), then the Sweetness, Uniformity, and Cleanliness (after the infusion has cooled to room temperature). The final score is calculated by first summing the individual scores to give a 'total score' from which a defects score (negative or poor flavours) may be deducted (SCAA, 2015b:10). For a coffee to be characterised specialty it must score over 80 in a cupping.

However, Ric Rhinehart, the executive director of the SCAA, points out that this cupping score presents only one stage at which one can define a coffee as specialty or not, and "thus, in order to truly look at what specialty coffee is, we must examine the roles that each plays and create a definition for specialty at each stage of the game" (Rhinehart, 2009). He identifies five stages in this 'game', with the first being *potential* as it relates to plant husbandry, the second *preservation* in the harvesting, processing and transporting of coffee to preserve the potential, the third of *transformation* from green coffee to roasted coffee, and the final stages of grinding and brewing the coffee for consumption.

This is a very high level description of how 'specialty' coffee is defined, with online and print articles by industry professionals indicating a general lack of definitional clarity for the concept. It also only scratches the surface of a discussion around industry standards, institutions and organisations involved in these decisions (with a necessary discourse around power and influence), and implications on the coffee industry both for the product and as it relates to human resources and labour. This discussion around a definition, although brief and not entirely conclusive, has served to highlight a theme that has already been discussed in this paper: that the concept of a chain is particularly important in the bean

to cup journey, as at each stage the potential in the bean must be preserved. In addition, an increased focus on quality is indicative of gradual industry wide economic upgrading.

The temptation then, as mentioned earlier, is to focus on the commodity in question, namely coffee. However, an in-depth discussion around what defines specialty coffee, and what the specialty coffee industry looks like in South Africa (to be explored shortly), would be to lose focus on the unit of analyses in this research and the key research questions. This case study is examining the potential for the specialty coffee industry to create employment, which necessarily speaks to the role of a barista in the final stage of the coffee chain - grinding and brewing, and sometimes roasting, but is not limited to jobs created where baristas will be working with purely defined 80+ specialty coffees. That said, it is necessary to define the specialty coffee industry as it relates to the Ground UP project and the baristas who are to be placed into the industry. To conclude, the use of the word 'specialty' (or speciality) in this report refers to that section of the coffee industry concerned with the production of espresso based beverages from roasted coffee that may, in green bean form, range from exchange to specialty grade coffee.

4.1.3 The coffee industry in South Africa

There are numerous anecdotal sources of evidence that point to a growth in the coffee industry in South Africa which indicate that consumers are drinking more coffee and spending time and money in restaurants and coffee shops; like the frequency with which new coffee shops are opening, mobile coffee vendors at events, and increased coffee related social media content. The statistics referenced in the previous chapter support this evidence, with Stats SA (2015:2) reporting that the annual growth in restaurants and coffee shops (6.1%) accounted for 2.8% of the growth in income from food and beverages.

South Africans are drinking more coffee, and specifically more espresso-based beverages, distinct from instant coffee or filter coffee as it is produced from green coffee beans which are roasted, ground and then used to produce espresso. An espresso is a 25 -30ml beverage which is prepared by forcing clean water at a temperature of 92-95 degrees Celsius at a pressure of 9-10 bar where the grind of the coffee is such that the flow time is between 20

and 30 seconds. This is the base from which various coffees are created, usually involving the addition of milk, each with industry standards and characteristics that may vary across countries. Popular milk-based beverages include the cappuccino, latte and flat white, with some preferring the Americano, being the simple addition of water to an espresso.

Although the focus of this research is on employment creation in the specialty coffee industry, it is important to not generalise upward trends in the coffee industry more broadly defined. Filter coffee or instant coffee sachets served in hotels, restaurants and coffee shops are steadily being replaced with the necessary equipment to produce espresso and related beverages, with many opting for capsule coffee machines. An industry leading supplier of food service equipment, who also specialises in coffee equipment, reports experiencing high demand sales of espresso machines, grinders and equipment related to producing espresso based beverages, with more companies looking to improve their coffee offering. The trend towards higher quality and specialty coffee is also evident in fast food chains, like Wimpy and McDonald's offering espresso based beverages, and automated espresso machines appearing in garages like Shell who have partnered with Vida e Café to provide a high quality coffee solution at selected garages. This is evidence of economic upgrading by firms selling coffee and related beverages.

Most of the coffee served in these establishments would fall well short of the stricter definition of specialty described above, with all stages of production falling well below any specialty standards. However, there has been a notable growth in the quality of coffee being sold in coffee shops through partnership between these small coffee shops and smaller scale roasters. One specialty coffee roaster and coffee shop noted on their blog in October 2015 that there were close to 80 roasters in Cape Town alone (Rosetta Roastery, 2015). Many of these roasteries have been started by entrepreneurs and coffee lovers interested in promoting and profiting from the specialty coffee industry, with preference for single origin coffee (beans sourced from one geographical location), or more sustainable coffee (Fair Trade and/or Rainforest certified). The emphasis is on the quality of the coffee served and where these roasteries are also coffee shops, they exist mainly to showcase their coffees, with minimal food offerings. These specialty coffee roasters supply restaurants and supermarkets with roasted coffee, in the form of beans and pre ground coffee, and may offer

a diverse range of products, according to preference of the consumer.

4.1.4 The narrowly defined specialty coffee industry

The South African market for specialty coffee, as defined by the SCAA, is relatively small, with only a handful of local roasters sourcing and producing coffee of a standard that could be considered specialty. Due to the shelf life of this coffee, as well as the price differential that necessarily exists due to the labour intensive process of producing a specialty coffee (and other value chain characteristics) this coffee is sold at specialty coffee shops and online.

Research also revealed that this market, arguably due to the high cost of the beans and equipment to produce high quality coffee and other costs associated with running a coffee shop in a city centre, is limited to those who are able (or perhaps not able but willing!) to spend well over R20 for a cup of coffee. Stereotypes around coffee snobs and the clientele of specialty coffee bars indicate that the customer who is willing to pay a premium for a great coffee (in a trendy setting with free Wi-Fi) is more likely to be younger with reasonably high disposable income. Using the US market as a predictor, where the daily consumption of espresso-based beverages has nearly tripled since 2008, with past-day consumption of gourmet coffee beverages increasing from 13% to 36% among 18-24 year olds, and from 19% to 41% for those 25-39 (The National Coffee Association, 2016), this market, although small, is likely to grow.

4.1.5 The Three Waves of Coffee

The American concept of 'waves' in the coffee industry is also useful in a description of the South African coffee industry. Looking at the history of coffee consumption in the US, three waves can be identified. The first wave was characterized by an exponential increase in the consumption of coffee (promoting convenience and mass production). The second wave was characterised by the consumer's reaction to the lack of transparency and quality and desire for specialty coffee, including a focus on origin and coffee made from ground roasted coffee (as opposed to instant). The growth of Starbucks is illustrative of this second wave, which also emphasised the coffee shop experience as central to consumer interest, in addition to

an increased knowledge of the coffee production chain. It is argued that this is where the second wave 'lost its way' and the "social experience of drinking coffee became more important than the artisan process of producing coffee" (Craft Beverage Jobs, 2016). The third wave then, refocused the attention on the production of specialty coffee, from bean to cup. Trish Skeie, credited as one of the first professionals in the industry to refer to the Third Wave, proposes that it is a reaction to the second. "It is just as much a reply to bad coffee as it is a movement toward good coffee" (Craft Beverage Jobs, 2016).

In the South African coffee industry, it is argued that there is evidence of all three waves in the local industry. Nestle South Africa has recently inaugurated an upgraded instant coffee manufacturing plant in KwaZulu Natal, based on growing demand for their product (Engineering News, 2016) and the demand for coffee capsule machines continues to increase, with supermarkets stocking more cost effective versions of Nestlé's Nespresso machine with an ever wider range of capsules available compatible with all machines. These observations point to a strong first wave movement, with more people consuming instant coffee and related products.

Franchised coffee shops, like Vida é Café (over 200 outlets, opened 90 in 2015), Seattle Coffee (over 85 stores country wide) and Bootlegger Coffee Company (6 stores opened in 4 years) are beginning to be rivalled by more sophisticated coffee offerings from Woolworths, Checkers, and Pick 'n Pay in their in-store cafes. The entry of international brands like Starbucks and Dunkin Donuts, both examples of 'second wave' companies would indicate that these organisations expect more and more South Africans not only be looking for a coffee over a tea, but a 'cappuccino', 'latte' or 'americano' and a trendy cafe experience.

At the same time as there appear to be strong movements in first and second wave establishments, there is also a growing number of 'third wave' coffee shops. This third wave is characterised by consumers who are environmentally and socially aware, seeking verifiable evidence of direct trade with coffee producers and a more transparent supply chain. They want to know where the coffee was grown, who grew it, when it was harvested, how it was processed and how it was roasted (often a lighter roast than second wave coffee) and are willing to pay a premium for this product. In third wave coffee shops, baristas are

concerned with highlighting specific tasting notes in coffee, and in addition to traditional espresso also use alternative and manual brew methods like pour overs, siphons, Aeropress and French Press. Coffee companies like Origin, Truth, Delux Coffee, Tribakery Coffee Company, Bean There and Legado, are among the more well established 'third wave' brands in Cape Town. There are also a number of smaller scale roasteries and coffee shops like Rosetta Roastery, Espresso Labs, Portland Project and Quaffee also providing a very high end 'specialty coffee' experience to consumers.

This section has served to provide a summarised overview of the different aspects of the coffee industry, each of which represents potential employment for Ground UP baristas as a result of economic upgrading. Before employment opportunities are described in more detail, the Specialty Coffee Association of South Africa (SCASA) will briefly be discussed, to highlight the role it plays and may potentially play in the coffee industry, particularly with regard to driving industry standards, skills development, wages etc. All of these functions link strongly to the concept of governance in the industry.

4.1.6 The Specialty Coffee Association of South Africa (SCASA)

Officially registered as a not-for-profit company in 2007, the Specialty Coffee Association of South Africa is "an association of coffee industry players, from all sectors of the industry in Southern Africa" with "a mission to promote both the consumption of quality coffees and the recognition of the employees of the industry within Southern Africa." (SCASA, nd). The organisation is also the agent for the World Coffee Events and the World Barista Competition - which entails coordinating regional and national coffee competitions, including barista, manual brewing, cup tasting and latte art. These are held on an annual basis, with the top three from each region progressing to a national competition. The national champion then represents the country at the World Barista Championships.

The association also has a mandate to drive quality, a spirit of cooperation, social, ethical and environmental consciousness as well as providing training and increasing employment in the industry (SCASA, nd). Members pay an annual fee, currently R500, with optional additional fees to become a sponsor, with added marketing benefits.

Compared to its European and American counterparts, SCASA is a less influential player in the industry, which is in itself in many ways in its infancy compared to size of the USA and UK markets and history of specialty coffee. The role it will play in the industry going forward, in the way it promotes specialty coffee remains to be seen. Board composition, finance and establishment of associated organisations (following the SCAE/SCAA model), like a Barista or Roasters Guild, will all be determining factors in the extent to which the association will be able to achieve its stated mission.

4.1.7 Employment creation in the specialty coffee industry

Growth in the coffee industry has been briefly described above, as well as the role of the SCAA in promoting specialty coffee and the concept of the three 'waves' has been introduced. As the focus of this research is on employment creation in the global coffee production network, at this juncture it is appropriate to briefly describe and define what is commonly understood by the term 'barista'.

The term is originally an Italian word which generally refers to a 'bartender' serving alcoholic and non-alcoholic drinks (Goodwin, 2017). The most comprehensive definition found is as follows:

A barista is a person who prepares and (also, generally) serves espresso-based coffee drinks. The term barista is also often applied to coffee shop employees who prepare both espresso and coffee drinks. Although the term barista technically applies to someone who has been professionally trained in preparing espresso, it may also be used to describe anyone with a high level of skill in making espresso shots and espresso drinks (such as lattes and cappuccinos) (Goodwin, 2017).

The coffee industry requires someone who would market themselves as a barista to possess the skills in three broad areas. The first is *technical skills* as they relate to working coffee equipment (espresso machines and grinders) to produce espresso based beverages. This includes setting a grinder, pulling espresso shots, steaming milk, latte art as well as cleaning and maintaining the equipment and work space. This skill also time bound in that baristas can be required to work in fairly fast paced, high stress environments, where a large number

of drinks may need to be prepared in a short space of time.

The second set of key skills relates to *coffee knowledge and sensory skills*, although this requirement may vary depending on the establishment. This skill set includes a knowledge of the coffee production network: how/where the coffee being served has been grown, processed, and roasted. The barista is also required to ensure that the espresso being served is balanced, with the balance of acidity, bitterness and sweetness being maintained. To this end they must ensure, based on their knowledge of the coffee, perfect extraction. This involves adjusting the grind of the coffee, and consistent technical skill to produce a consistently well balanced espresso. Similarly, when using other brew methods, the barista is required to know, in addition to the purely technical skills of the various methods, how these impact the taste and flavour of the coffee. It is expected that a barista has developed a palate such that they can pick up common flavour and tasting notes in coffee, and ensure that these come through in the beverages produced.

The third set of skills required of a barista is that of *customer service at the point of sale*. Employers often require a barista to be able to engage, in English, with customers around their coffee, particularly in a take away setting. The barista needs to be well spoken, gregarious and extroverted, and able to provide a satisfactory customer experience. This includes educating customers on the various beverages available, especially in the case where a consumer may have a very limited understanding of espresso based drinks and the specialty coffee industry. Baristas are also often required to have a basic understanding of point of sale systems to manage cash, card and mobile payments.

There are currently no formal or accredited barista qualifications under the National Qualifications Framework, with the exception of one unit standard (8882 - roasting beans and nuts, where beans can refer to coffee or cocoa), which forms part of a number of National Certificates in Food processing and management (South African Qualifications Authority, nd.). A number of specialty coffee shops and roasteries offer barista training courses on a commercial basis, as well as training for clients. These range in length and price, from a couple of hours to a couple days, depending on the level (appreciation course, introduction/basic barista, advanced/professional).

Once an individual acquires the requisite skills to claim the title of barista, they would be eligible to apply for what can be described as an entry level barista job in a restaurant and coffee shop, where they are likely to be given further training. In a number of the coffee shops that partner with Ground UP, there is a fair amount of informal training occurring, with experienced baristas training waiters to be able to make espresso based beverages. An entry level barista, with limited experience, can expect to earn between R15.17 per hour (new minimum wage in the hospitality industry, for organisations with fewer than 10 employees) and R20.23 (Payscale, 2017). For larger organisations with more than 10 employees the new hospitality minimum wage is R16.91 per hour. Baristas can also expect to earn tips, which can vary depending on the size of the coffee shop, policy around tip sharing for baristas behind a bar, and if drinks are being made for 'takeaway' or sit down customers (in this case tips would be shared by waitrons).

The Quarterly Employment Statistics report that the wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods; hotels and restaurants industry reported an annual increase of 18 000 employees (0.9%) in September 2016 compared with September 2015 (Statistics South Africa, 2016:7). A quarterly increase of 7 000 employees was reported (0.4%) in September 2016 compared with June 2016, which was mainly due to increases in employment in hotels and restaurants; and the retail trade (Statistics South Africa, 2016:7). The average monthly wage in this sector is R10 004 (at constant prices, including bonuses and overtime) which is likely to be substantially lower if the 'hotels and restaurants' could be separated from higher earning jobs in motor vehicle repair for instance. Although this sector employed an estimated 1 913 575 people in September 2016, the estimates of average monthly earnings (including or excluding bonuses and overtime payments, at current prices) remains the lowest in the economy. These statistics speak to limited potential for social upgrading for labour despite economic upgrading.

In addition to lower wages in the hospitality industry, baristas working in restaurants, hotels and coffee shops generally face high transport costs, and long commutes early in the morning and late at night. Employment opportunities are concentrated in urban hubs and thus employees are expected to travel from the Cape Flats and surrounding townships should

they not be able to live in close proximity. Employers seem to be cognisant of the importance of travel as it relates to employee performance as a survey of advertised barista job opportunities revealed a preference for baristas living in close proximity to the place of work.

Career paths for baristas would seem to vary, depending on how the individual entered the career, as well as personal preferences and aspirations. An entry level barista can progress to lead or head barista, which would involve managing or supervising a less experienced barista and other requirements, like machine maintenance, quality control, menu and pricing design, and liaising with other supervisors. In larger second and third wave coffee shops there exists the opportunity to become a training manager, which would involve training and quality control across a number of stores or cafes. However, as baristas progress along this career path, with an associated increase in income, they generally begin to spend less time behind the espresso machine making coffees.

With no industry recognised qualifications, the regional and national competitions provide a benchmark and indicator of skill of experienced baristas. In the South African scenario, the baristas that place highly in these competitions are generally not working full time as baristas. The current national barista champion, who represented the country at the World Barista Championships in Dublin in June this year, has a coffee company providing coffee solutions to restaurants and corporates, in addition to other coffee related products and projects. The current Aeropress National Champion is employed as the training manager for a specialty coffee shop, and the National Latte Art champion works for a company that imports coffee equipment. Competitors can choose to represent their employer, who may or may not contribute to the costs associated with competing, or compete independently. In summary, the most highly regarded baristas, according to their performance at SCASA events, are generally employed full time in the coffee industry, but not as baristas working every day behind an espresso machine.

This chapter has served to provide a summarised overview of the coffee industry, with a focus on the specialty coffee industry, and the employment creation that has resulted from the increase in second and third wave coffee shops, coffee roasteries and premium coffee

being offered in restaurants, hotels and bars. It has shown that economic upgrading has occurred in the industry, with more organisations offering a better quality product and new businesses opening to service the demand for high quality roasted coffee. As a result economic upgrading for labour in terms of increased employment opportunities have arisen. However, this job creation has occurred in the context of the South African hospitality industry, under conditions which would indicate that less social upgrading has occurred. In the chapter to follow, a similar overview will be provided for Ground UP, providing background on the organisation, a history of the project and details of what it entails. The results of the training thus far will also be presented.

4.2 The Ground UP Project

This section will provide a summarised description of the Ground UP project, the focus of this research, and an agent of what Cohn (2012) might term palliative development, as a small scale intervention aimed at job creation and development of the unemployed. The chapter will begin with a brief description of Learn to Earn, focussing on historical detail of the project which will help to identify the aims of the project through its genesis within the organisational context, as well as identify some underlying assumptions made about the coffee industry and its potential to create employment.

4.2.1 Learn to Earn – holistic human scale development and ‘a hand up not a hand out’

Learn to Earn’s stated mission is to develop people, especially unemployed people emotionally, socially, economically and spiritually, with a vision of eradicating unemployment and other legacies of injustice in South Africa and Africa (Learn to Earn, 2016). Their motto of a ‘hand up not a hand out’, combined with their ‘holistic approach to human scale development’ underwrites all programmes; be that skills training, job creation or enterprise development.

The organisation was founded by Doug Fisher, with the support of his wife Yvonne in 1989, with the initial vision to provide basic literacy classes to the community of Khayelitsha, but it soon transitioned to offering sewing, knitting and crocheting classes, an indication of the need of the community to access skills they could use to generate income (Learn to Earn, 2016). In 1995, Learn to Earn’s current director Roché van Wyk returned from the US, where he had completed a Master’s degree in Urban Missions and Intercultural Studies, and took over the project with two staff, a cash budget of R6000, no property and offering one sewing course. Today Learn to Earn offers 14 training courses and trains over 500 people per year across 3 training venues.

In establishing context around Ground UP, as a project of Learn to Earn and particularly as it relates to job creation and employment, two key philosophies of Learn to Earn are important to note. The first being the holistic focus on human scale development, and the second an

emphasis on empowering and equipping beneficiaries to be contributing partners driving their own development through the outworking of the 'hand up not a hand out' philosophy. Each will be discussed briefly before turning to a description of the Ground UP project, with the purpose of providing an explanation of course design and emphasis on more than just a core skill.

During his time in the US, Learn to Earn's director was influenced by the work of Manfred Max Neef (1991) whose theory of human needs and satisfiers was found to be very applicable in the South African context. Van Wyk's thesis, which focussed on the anthropological, philosophical, theological and historical ramifications of apartheid, theoretically underpinned the programmes of Learn to Earn, resulting in what the organisation identifies as 'holistic, human scale development'. The underlying premise of this holistic approach is that economic development has to go hand in hand with other aspects of human development (social, emotional and spiritual) in order to be sustainable.

Max Neef (1991:19), in his diagnosis of the consequences of prolonged unemployment, proposes that "extended unemployment generates pathologies.....We must necessarily recognize the existence of collective pathologies of frustration, for which traditional treatments have been inefficient." For van Wyk, it became clear that for Learn to Earn to appropriately address the impact of unemployment and lack of access to economic opportunities that had been a direct result of the oppressive political regime, pure skills training would be insufficient.

Learn to Earn thus exists to provide opportunity for those who, due to lack of formal education and access to funding and economic resources required for further training, are unable to enter the labour market or remain employed due to a lack of 'soft' skills. Through short, cost effective (through subsidization of training costs by supporters of the project) training courses, unemployed people are given skills they can use to become economically active, with additional input to ensure they are also given the requisite soft skills (conflict resolution, communication etc.) to cope with the demands of a formal workplace.

The faith based characteristics of the organisation are evidenced most strongly internally, in terms of human resources practices, management and organisational processes that are

influenced by the Christian faith. This includes times of prayer and an annual staff retreat with a distinctly spiritual focus. With regard to a faith aspect to the skills training, the spiritual development portion of the life skills programme is based on Christian principles in the form of a course that covers the fundamentals of the Christian faith. This part of the training is to a certain extent optional, as students of other faiths may elect to use this time to focus or meditate on their own religious texts. Emphasis is however placed on the impact a faith system has on emotional and social health, as well as a moral and ethical code, all of which are likely to impact on success in the working world.

When it came time to commemorate Learn to Earn's 25th birthday, van Wyk decided that it would be more meaningful and productive to celebrate with the launch of a new course. It is to a description of the barista training project, Ground UP that this report now turns.

4.2.2 Ground UP - hope in every cup

"The explosion of coffee chains, independent operators and retailers developing specialty in-store departments underscores the growth and development of this area. As the coffee culture in SA matures more and more companies are requiring skilled Baristas." (Learn to Earn, 2016). This observation is corroborated by a number of articles from print and online sources, with Smit (2016:96) pointing out that "according to Statistics South Africa's 2014 figures, the almost 3% of growth in the fast food industry can be ascribed to coffee - the coffee restaurant industry showed 7,8 percent growth."

With this market demand in mind, Learn to Earn established the Ground UP Project, presenting the idea to stakeholders and supporters in December 2014, with the project commencing in 2015. "All training is conducted in line with Learn to Earn's approach to holistic human development, covering social, economic, emotional and spiritual development. With the result being a well-rounded Barista who can work in any coffee environment" (Learn to Earn, 2016). Thus the project aims to provide skills training that empowers people to take advantage of the economic upgrading that has occurred in the specialty coffee industry.

Ground UP, and all Learn to Earn training courses, are designed on the assumption that when

an individual's needs are addressed in a holistic manner, including market relevant 'hard' skills as well as 'soft' skills, they will be able to take advantage of economic opportunities and remain economically active, whether they be employed full time, part time on contract, or self-employed. The Ground UP barista course is summarised below:

Total cost per student:	R13 700 per student
Total cost to students:	R400 (part of the 'hand up not a hand out' philosophy)
Times:	08h30 - 16h30 Mon- Wed or 08h30 - 16h30 Wed - Fri
Duration:	8 weeks
Entry requirements:	Grade 10 and a desire to work in the hospitality Industry. Students write a basic literacy and numeracy entrance test, and are interviewed by the trainer/ manager

Over the duration of the course students cover the following training modules:

- Understanding of coffee (theory)
- Background of coffee
- Understanding equipment (espresso machines, grinders, mills)
- Specialty beverages
- Milk foaming techniques
- Maintaining & cleaning equipment
- Practical coffee making experience – through work experience in local coffee shops
- Basic Point of Sale and Customer Service

Practical work experience and exposure to the industry

Students are on campus for 3 days a week, and spend the remaining two days shadowing baristas in partner coffee shops. This enables students to get a feel for the fast-paced working environment, learn from experienced baristas and gain exposure to other coffees as exclusively African origin coffees, sourced from project partner Bean There, are used in training. Feedback from students of their experience is collected by the trainer, who liaises

with the partners, receiving their feedback on the student's' behaviour on the job.

Assessment, placement and access to other economic opportunities

Students are assessed according to their theory and practical knowledge and ability. This assessment is linked to industry standards, as used in national barista competitions, requiring students to produce a number of espresso based beverages to a specific standard in a limited time. Technical skills (machine operation) are also assessed. Students are then classified as competent or not yet competent. Training and assessment is done by a full time, permanent trainer, himself a barista with experience working in the industry.

Those students who complete the course are recommended for placement. In order to be classified as 'recommended for this work' a minimum attendance record must be maintained, as well as course fees paid in full and assessed to be competent in their core skill. A placement officer, another Learn to Earn employee, then connects graduates to suitable employment opportunities. These opportunities are actively sourced by Learn to Earn, but also originate through requests from coffee shops, restaurants, hotels and other organisations looking for baristas. Marketing, media and PR through social media channels, and representation of the project at SCASA events, has succeeded in generating awareness of the programme and the availability of skilled baristas. This placement function is supported by specific job readiness focussed modules in the life skills course (to be described below), including interview skills (students participate in mock interviews), CV development, job search and application. To be eligible for placement, students must be legally able to work in South Africa.

Supplementary skills training

All students receive Life Skills training, which has been developed and refined over the years and is intended to develop soft skills required for success in the formal workplace in addition to facilitating social emotional and spiritual development. Some of the topics covered in the Life Skills course are: Self-Awareness, Self Esteem, Work Ethics, HIV/AIDS, Conflict

Resolution, Goal Setting, Relationships, CV Writing and Job Preparation. Students are also developed spiritually through an adapted version of the Alpha Course; an introduction to the Christian faith. As mentioned at the beginning of this report, while Learn to Earn is a faith-based organisation, it is open to people from all religious groups, with no discrimination on the basis of faith nor any other characteristic, and students may elect to use the time allocated to spiritual development to focus on their chosen religious texts.

Ground UP recently partnered with the Speciality Coffee Association of Europe (SCAE), with the barista trainer completing the necessary training to become a certified trainer of the various SCAE coffee modules. This will allow Ground UP to offer internationally recognised, accredited training to beneficiaries at a discounted rate, which will provide even more credibility to the training. The students trained thus far have not received an accredited qualification but may be eligible to be assessed once the associated processes have been formalised.

This section has served to describe the training provided through the Ground UP project, and will now turn to the results of the training since inception in 2015. It must be noted that after training commenced in Cape Town in January 2015, a second Ground UP training academy was launched in Johannesburg. In the descriptive statistics provided, it will be indicated when this training venue has been included or excluded.

4.2.3 Ground UP training results

Since inception, the project has seen a total of 92 beneficiaries register for the 8 week course. There were 3 courses, with 23 students registered, run in Johannesburg before the trainer left the organisation. This position was not filled in time for the 2016 course commencement, and thus the Johannesburg project is currently 'on ice' with the equipment in storage until such time as a new trainer is appointed. In total, 9 courses have been run in Cape Town since January 2015, with 69 students registering. The graphs below depicts the age, gender and racial breakdown of these beneficiaries, as well as those who have been found competent upon completing the course (all those completed were found competent). A discussion of these results follows.

Figure 2: Graph to show age distribution of Ground UP trainees

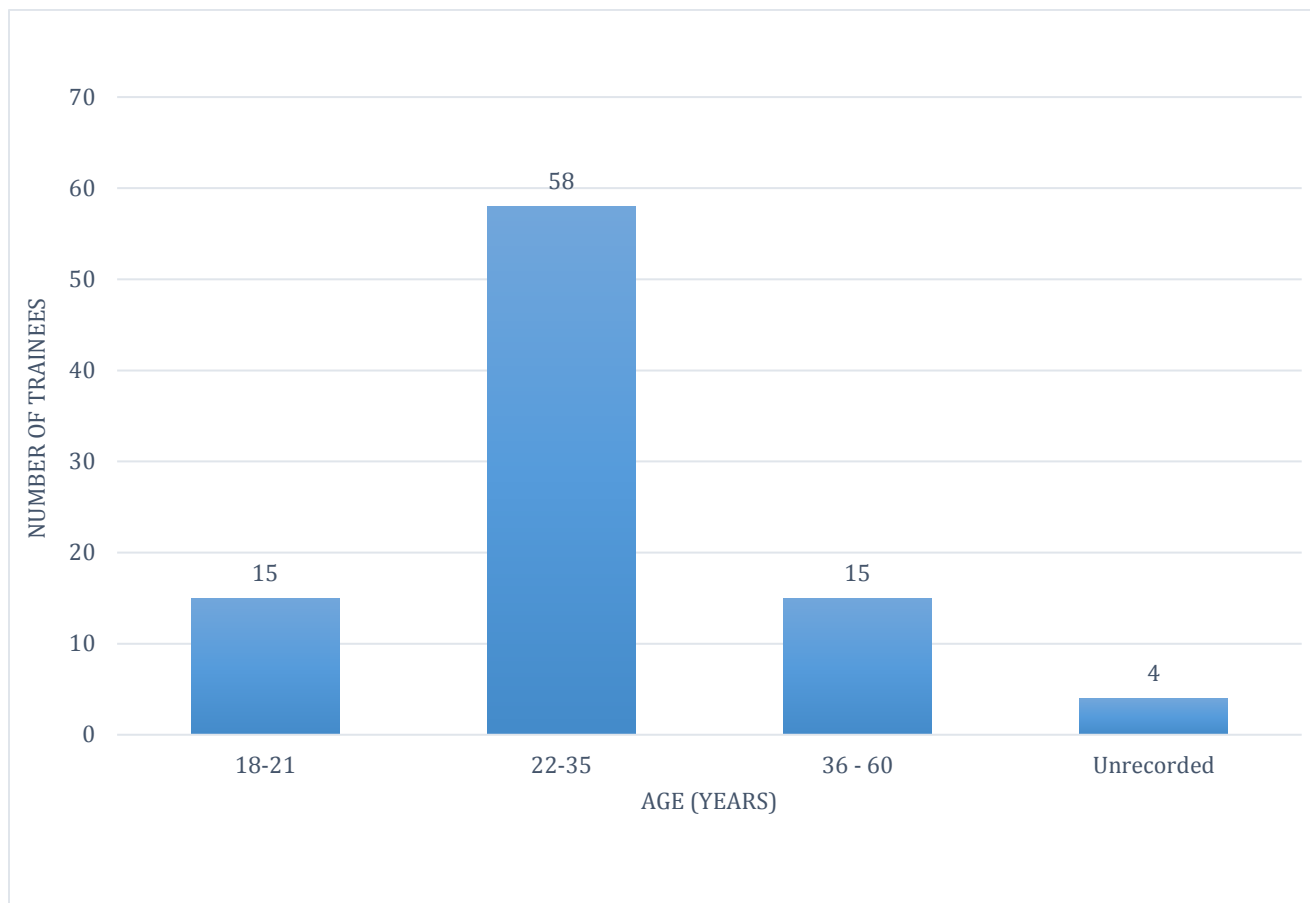


Figure 3: Graph to show racial demographics of Ground UP trainees

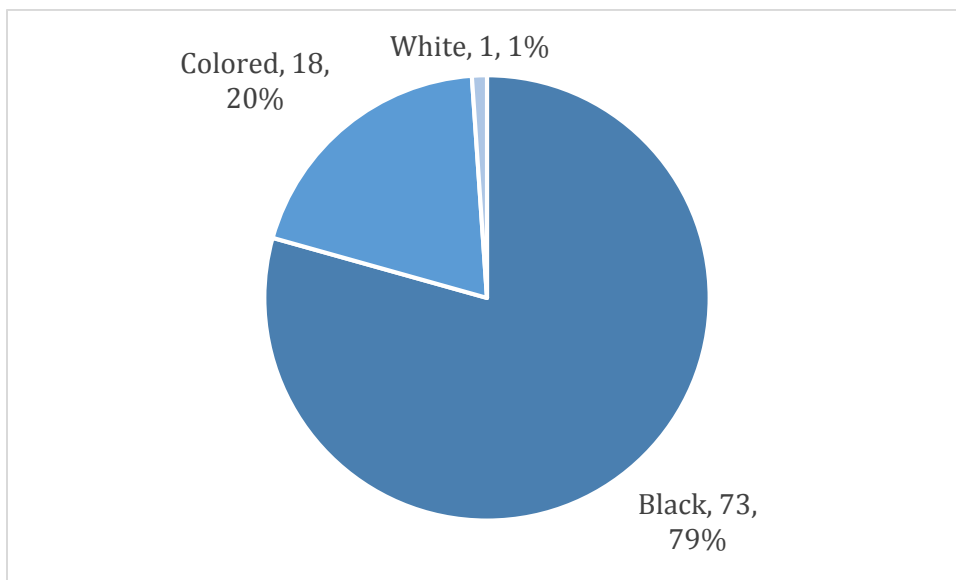


Figure 4: Graph to show gender demographics of Ground UP trainees

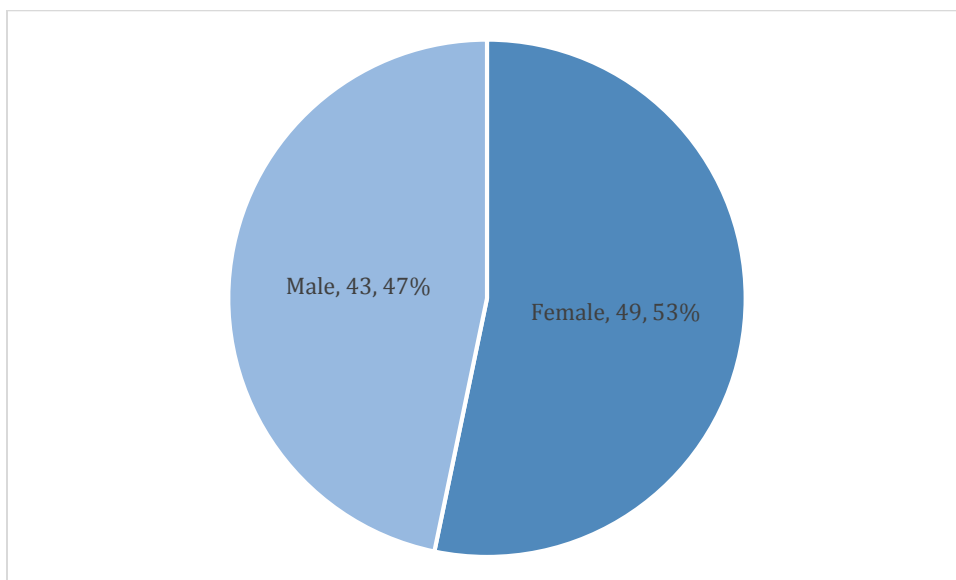
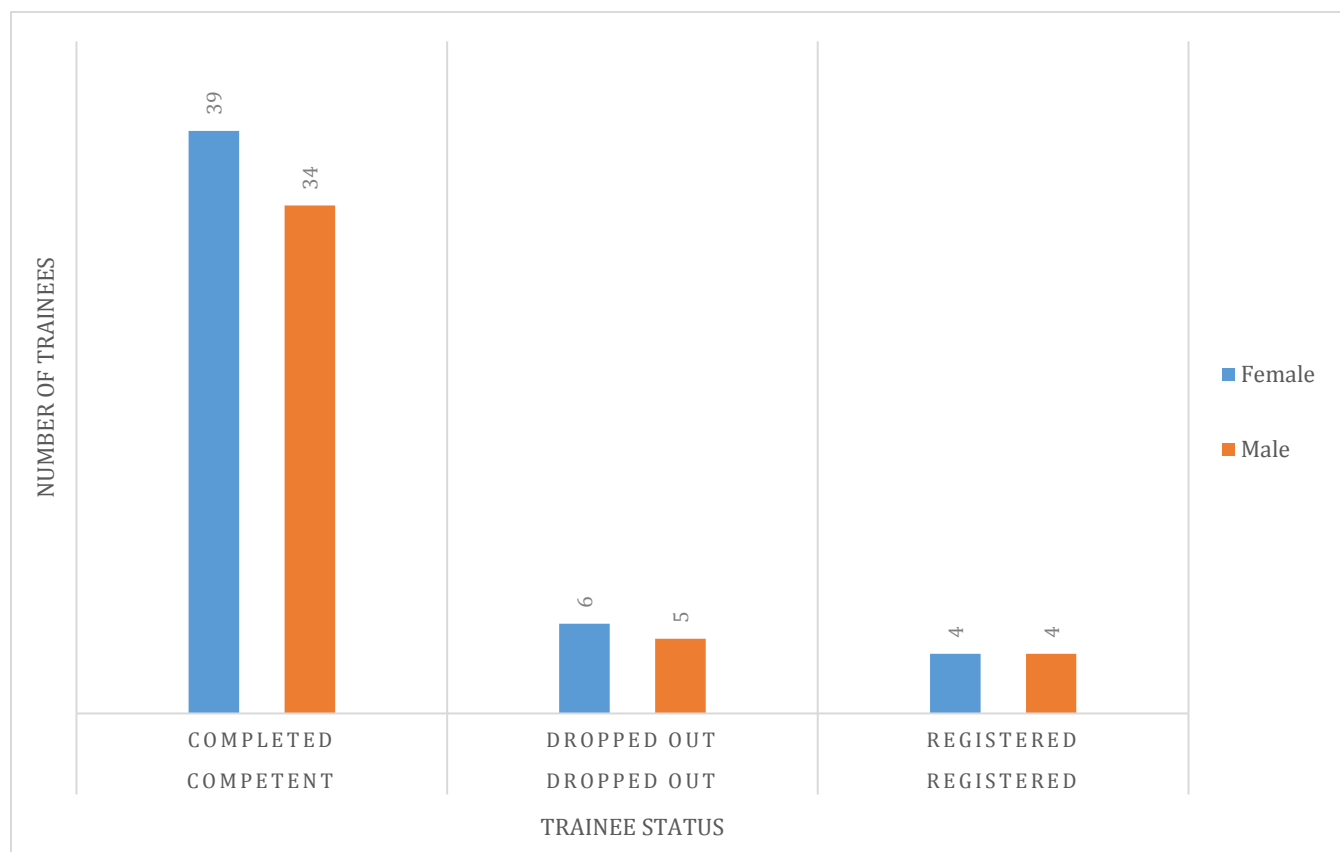


Figure 5: Graph to show Ground UP trainee status

4.2.4 Discussion of Ground UP training results

When examining the Ground UP case, with reference to the students trained and the numbers completed as per Figure 5 above, there are various factors which would have influenced the demographics of the cohort, and their success on the course. Two highlighted below are Learn to Earn's 'target market' and Ground UP as a new course.

Learn to Earn's 'target market'.

Learn to Earn aims to provide market relevant training to unemployed people who are then able to access economic opportunities. The organisation also reports on placement as a key indicator of success, citing an economic activity rate consistently close to 80% among graduates (Learn to Earn, 2016). However, there necessarily exists a tension between the

organisation's stated goal to develop [any] unemployed person, minimising barriers to entry (cost of training, educational level) and remaining accessible and inclusive, but also to ensure that high placement rates are maintained. Thus there are criteria that must be met as a minimum requirement before commencing with the course, as detailed in the course description, in an effort to give students the best chance of success in completing the course and becoming economically active after graduating. However, despite these entrance requirements, Learn to Earn would not discriminate on the basis of age, proficiency in spoken English or extroversion as examples of criteria that are highlighted as important for employers.

Ground UP as a new course

With a 28 year track record in Khayelitsha, and 18 years in Hermanus, Learn to Earn's 14 courses are generally in high demand with waiting lists running for most courses. The location of the training project in the communities in which its beneficiaries are residents, minimizes travel costs and ensures effective 'word of mouth' advertising and recruitment for the courses, with many students indicating on their registration forms that they heard about the organisation through a friend who completed the course. In the case of Ground UP, due to space constraints at Khayelitsha, it was decided to set up the training centre at the Learn to Earn office in Claremont. An added benefit of this was that the training venue is close to potential work shadow and job opportunities, and the distance to travel also provides an opportunity for students to adjust to the commute that would be required once employed. This decision would require increased marketing and recruitment - with a focus on filling the courses as a first priority.

In terms of recruitment, the Ground UP staff pursued various strategies to attract people to the course. These strategies included fliers at the other Learn to Earn training campuses, on community notice boards, advertising the course to students that had interacted with Learn to Earn through the City of Cape Town mobile training project, and engagement with other NPOs. A number of other NPOs, including one with a focus on rehabilitating that homeless, another on prison ministry and reintegration of offenders and another doing youth work in

a specific geographic community in Cape Town connected past and current beneficiaries to the opportunity at Ground UP.

The demographic profile of the students trained is similar to that which is observed at the other training campuses. Over 95% of Learn to Earn's beneficiaries are classified as black according to B-BBEE legislation (this would include students who identify themselves as coloured), with over two thirds of all students trained being female.

In addition to the demographics of the class, the majority of the Ground UP Cape Town students live in outlying areas of the city and arrived with little or no previous exposure to the coffee industry, much less high quality specialty coffee. From talking to students, and in conversation with the barista trainer, many trainees started the course not drinking coffee at all, and for those who did, their preference was for instant coffee with a number of sugars. Thus a key aspect of introducing the new course was educating potential students about the industry and what being a 'barista' meant.

4.2.5 Ground UP assessment and placement results

All Ground UP baristas are required to write a standardised, outcomes-based practical test at the end of their course, which assesses their technical, theory and sensory skills, as well as latte art. The current version of the test is modelled on the score sheet as used for regional and national competitions, but will be reworked to comply with the SCAE accreditation requirements. In addition to this practical test, students are also required to complete a theory test, to assess their knowledge of the coffee supply chain, and other theoretical aspects of being a barista; for example parts of the espresso machine. On the basis of their combined score on theory and practical, students are rated as 'competent' or 'not yet competent' in their core skill. Students who are not found competent on their first attempt are given the opportunity to retake the assessment (either theory or practical, or both).

The results of these assessments and other training related information are all captured on a customised CRM system, Salesforce, which is used for monitoring and evaluation, as well

as stakeholder and donor management and other functions. Students are classified as:

- Completed (students who finished the course) or Dropped Out or Other: based on minimum class attendance
- Competent or Not Yet competent: based on assessments
- Recommended for this work, Recommended for other work, or Not Recommended: based on a combination of assessment results and input from the Life Skills trainer and managers.

On the basis of this classification, the Ground UP Placement Officer(s) have a database of graduates to connect to economic opportunities. Economic opportunities are broadly defined and would include permanent job opportunities working as a barista, (in coffee shops, restaurants and hotels), contract or once off work opportunities (events) or entrepreneurial opportunities (with Ground UP mobile or other opportunities for self-employment). In keeping with the 'hand up not a hand out' ethos, students are alerted to potential opportunities, with their CV and/or contact details being sent through, but it remains for them to follow up and take initiative in the interview process.

Following graduation, it is Learn to Earn policy to track a cohort's progress through conducting student follow up. This is generally done by their trainer (core skill or life skills) or the placement officer who records the information on Salesforce, a customised CRM system. This information is used for monitoring, evaluation and reporting to funders. According to Learn to Earn policy, these follow ups should be conducted six months and one year after graduation, as a minimum. Students are classified as:

- Contactable or Uncontactable.

Many students use multiple numbers and change their phone numbers regularly. They also provide a 'next of kin' emergency contact which can be used to get hold of them.

- Economically active or not.

If yes, the system requires detail around how often; full time, part time or contract

work and if no, to note what steps have been taken to find work.

- Graduation classification: employed, self-employed, contract work, studying further, not seeking work, unemployed, unemployable, or deceased.
- This section also includes a 'DO NOT PLACE' classification, reserved for students who, once connected to an opportunity, have conducted themselves in such a manner that would preclude them from being connected other opportunities. An example would be walking off the job, or being dismissed.

Student follow ups provide opportunity to capture a fairly large amount of information about the student's economic activity, or lack thereof, but vary according to the input from whoever conducted the follow up and information recorded. As mentioned above, Learn to Earn uses this information for reporting to funders of the training and for marketing material where appropriate. The placement results for Ground UP since it commenced are summarised below.

1. N (JHB + CT) = 73 students completed and competent with the group that finished in December 2016 excluded.
2. Results for Cape Town and Johannesburg shown separately. JHB N = 22 completed and competent, CT N = 51 completed and competent)
3. The number of follow ups per student ranged from 1 to 7, depending on graduation date, with the median of number of follow ups of 4, compared with 2 for those who completed training in 2016. This is in line with Learn to Earn policy of a biannual follow up.
4. The most recent follow up, except where the graduate was uncontactable (in which case the previous follow up information was used), has been used.

Figure 6: Graph to show number of completed and competent Cape Town graduates recommended for work

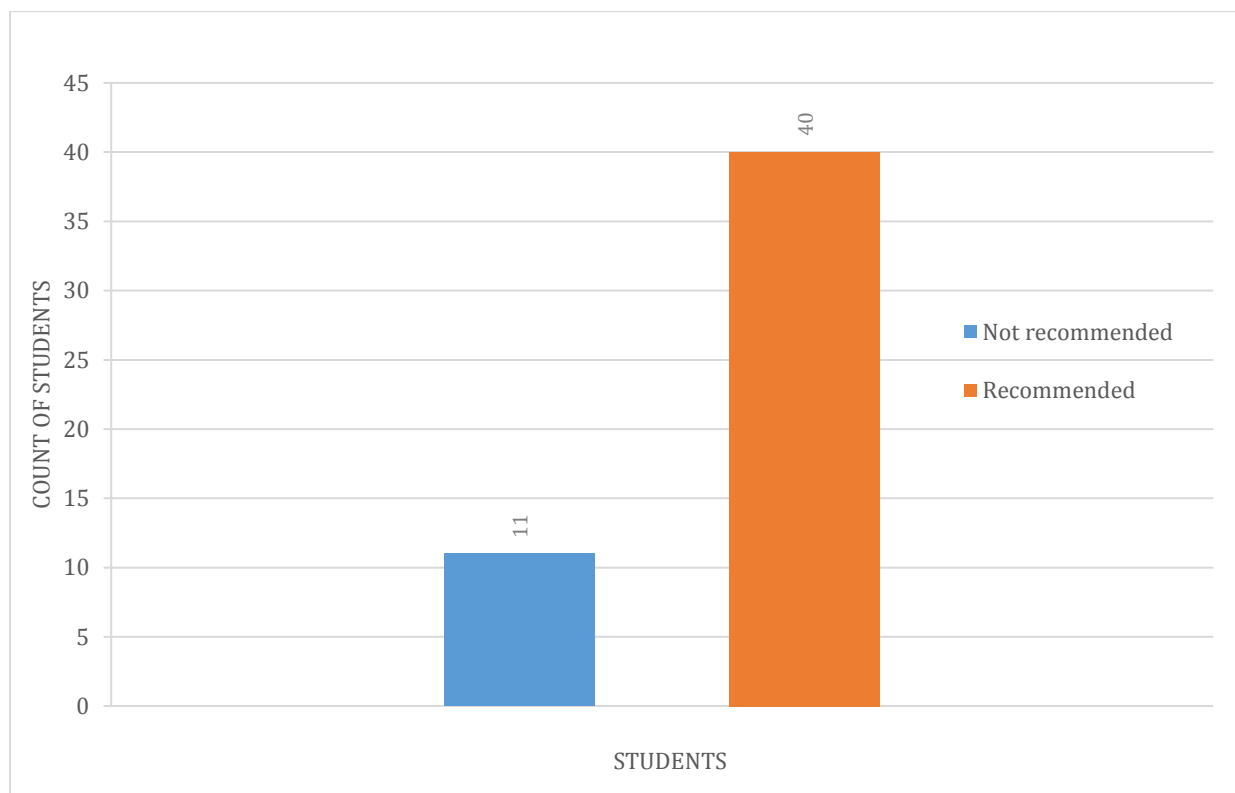
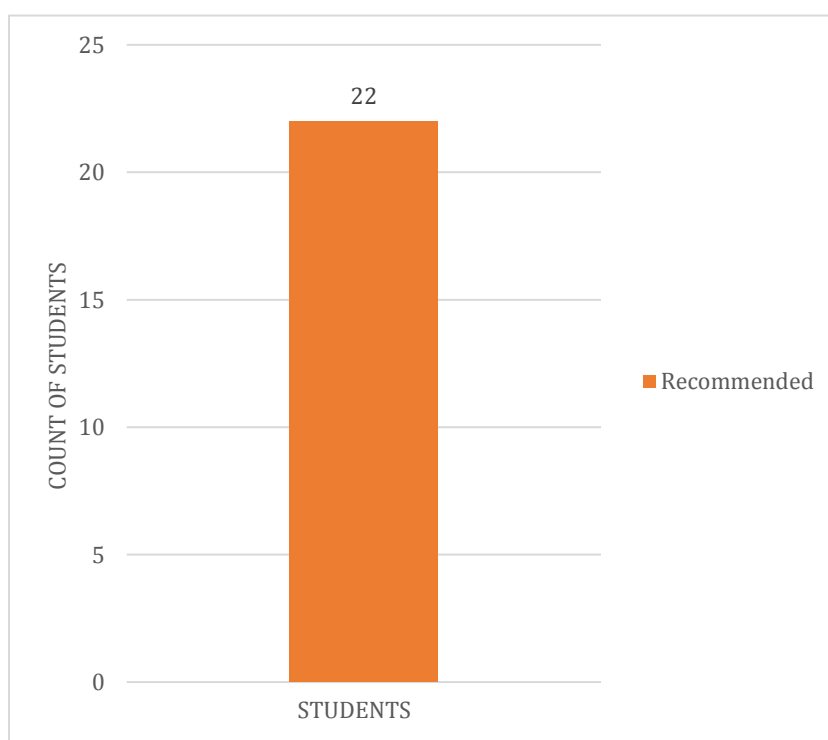


Figure 7: Graph to show number of completed and competent Johannesburg graduates recommended for work



The graphs below indicate the economic status of contactable graduates at the most recent follow up. Both figures indicate that in both Johannesburg and Cape Town; of the completed, competent and contactable students, the majority were able to find employment in the coffee industry post-graduation.

Notes on the Key:

- Yes - Yes refers to those who are economically active (working full time, part time, contract or self-employed) in their 'field of study' i.e. the coffee industry
- Yes- No refers to those who are economically active but not in the coffee industry
- No- n/a refers to those who are not economically active and therefore a classification under 'in the field of study' is not applicable.

Figure 8: Graph to show economic activity of completed, competent, recommended and contactable Cape Town graduates

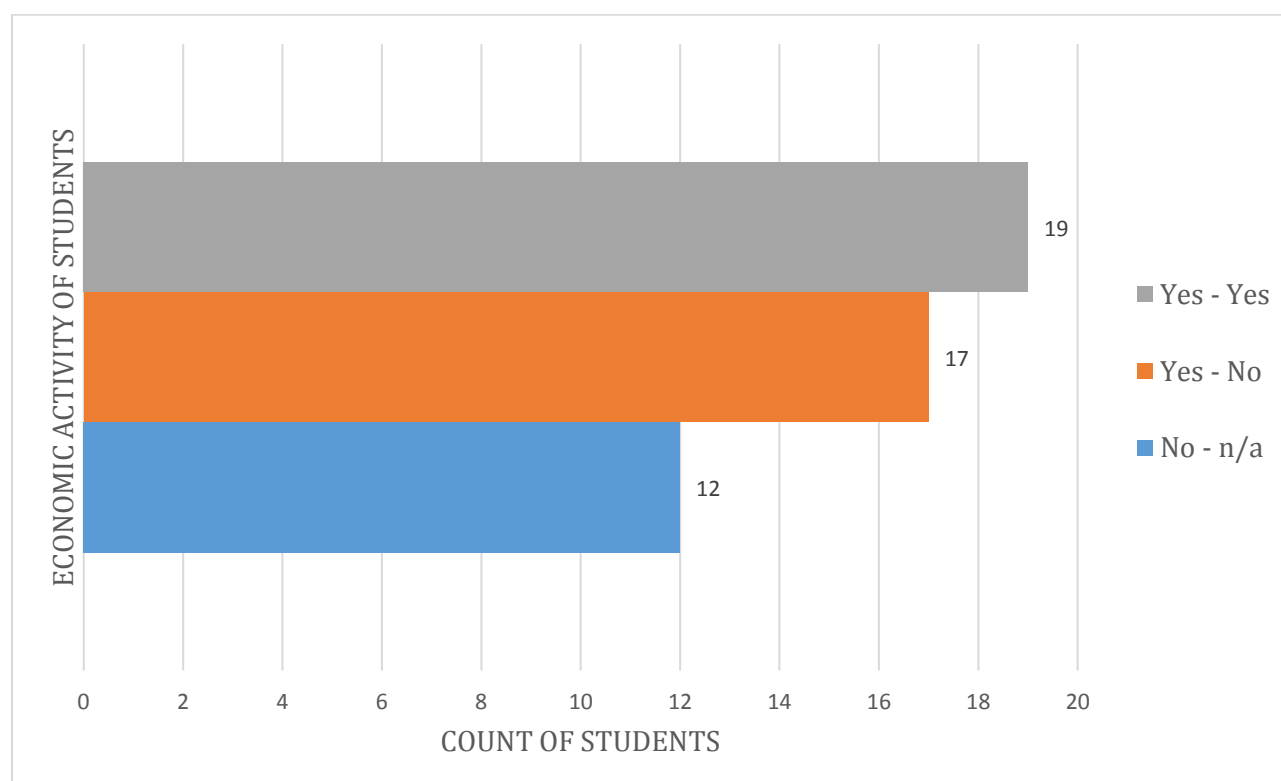


Figure 9: Graph to show kinds of work accessed by Cape Town graduates economically active in the coffee industry and other industries

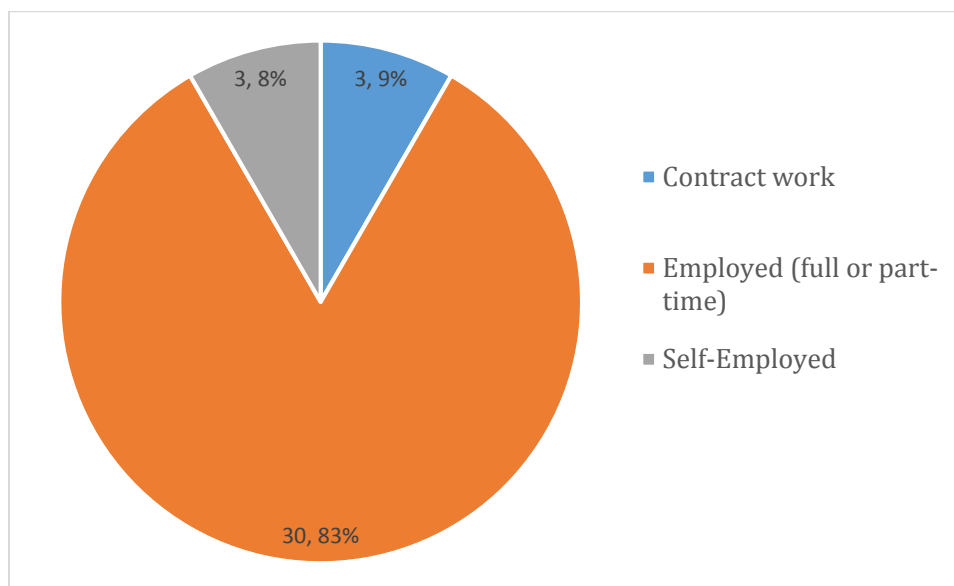


Figure 10: Graph to show economic status of Cape Town graduates not economically active

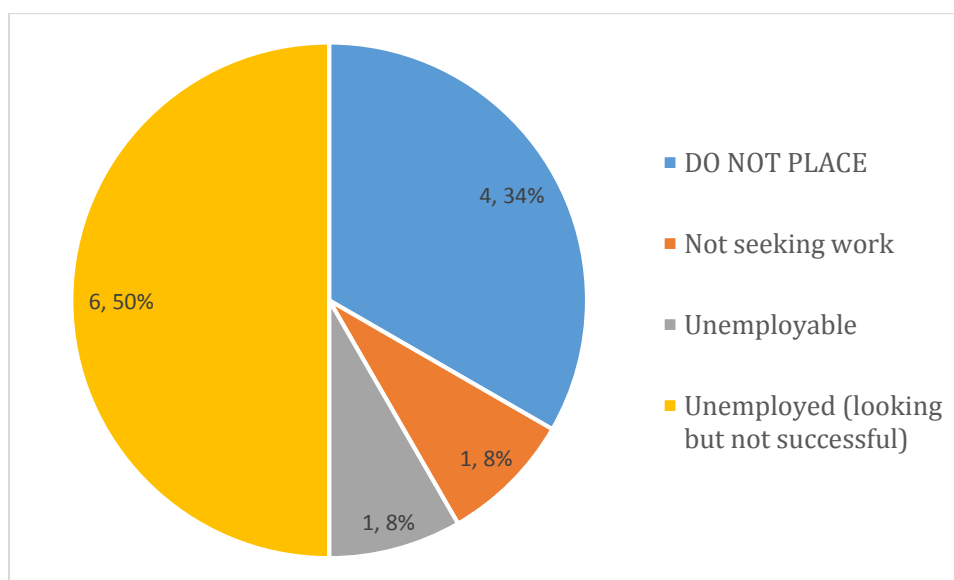


Figure 11: Graph to show economic activity of completed, competent, recommended and contactable Johannesburg graduates

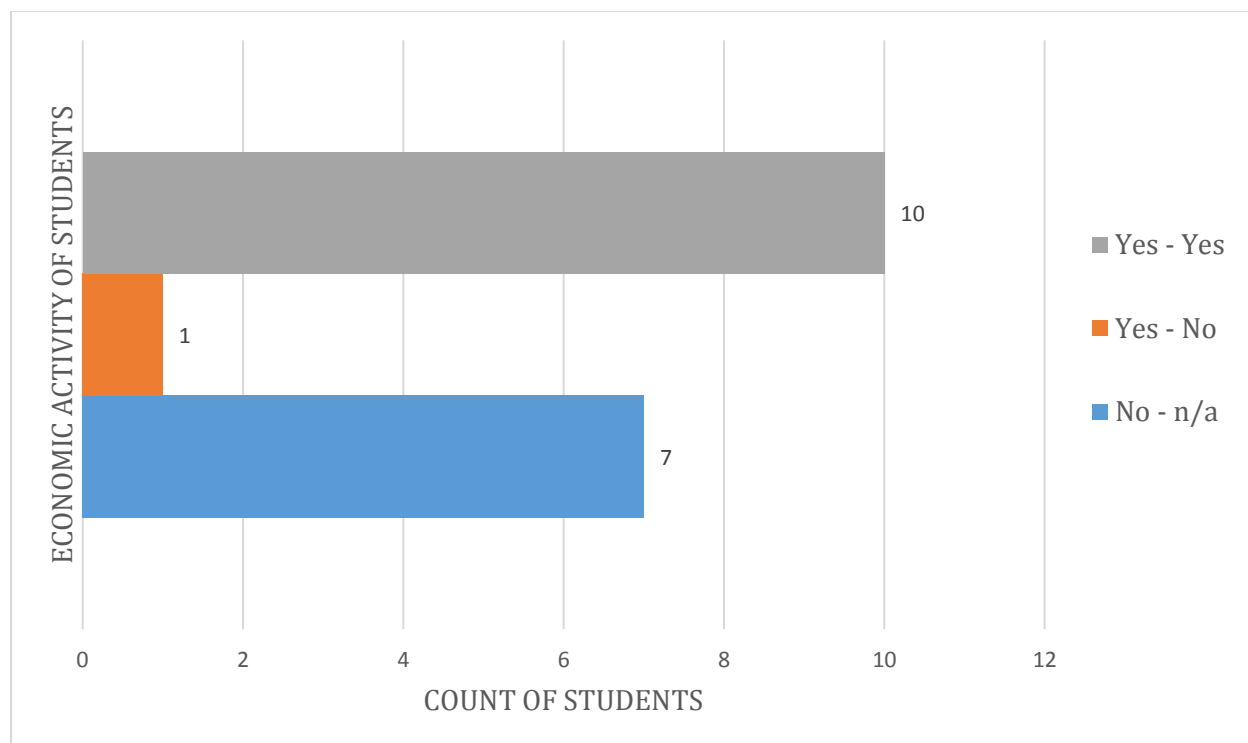


Figure 12: Graph to show kinds of work accessed by Johannesburg graduates economically active in the coffee industry and other industries

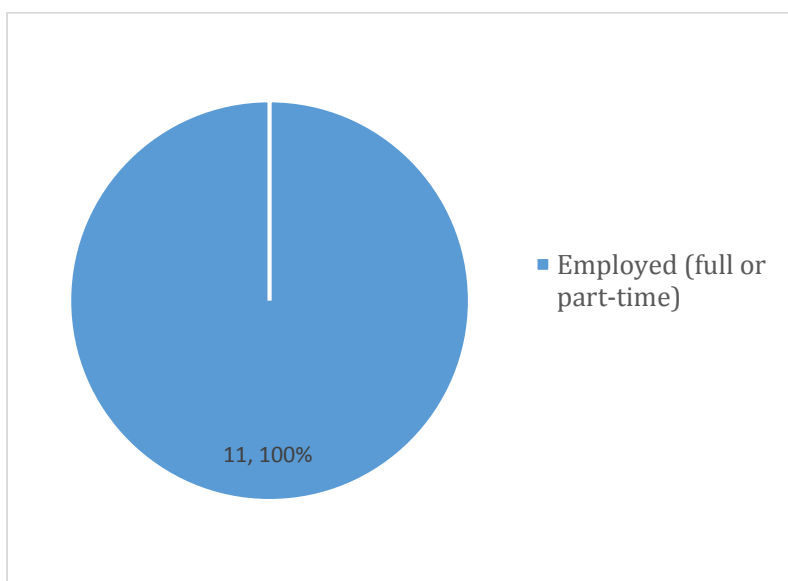
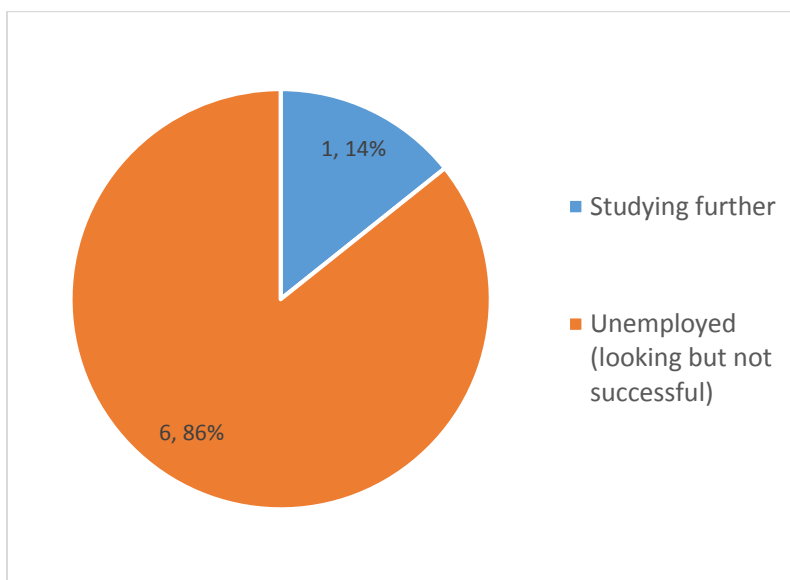


Figure 13: Graph to show economic status of Johannesburg graduates not economically active



4.2.6 Exploring the Ground UP assessment and placement results

From the descriptive statistics portrayed in the graphs above, it is clear that Ground UP is achieving its stated aim, in so far as the majority of those who are completed and competent will find work post-graduation in the broadly defined hospitality industry. However, it is necessary to describe the nature of the organisations employing these graduates to understand the potential for social and economic upgrading and by implication a more secure economic situation. Specifically, it is important to understand the extent to which the graduate is working as a barista, with a focus on coffee as the primary product. For the purposes of data display and comparison between the different employers, placement opportunities have been categorised according to how much time is spent by the barista making coffee, relative to other roles: serving food/beverages/cash up etc. and the quality of the coffee served. A brief description of each category is provided below, as well as the number of Ground UP baristas employed in each. Only Cape Town graduates were included in this sample.

i. Designated barista

This category includes placement opportunities where students are working exclusively behind the bar, producing espresso based beverages. They are also required to provide customer service and utilise their point of sale skills (cash, card and mobile payments, cash up, stock management). They work with coffee that is predominantly premium or specialty grade, which would likely be roasted specifically for the establishment. An example of a placement opportunity that would fall under this category would be Bean There, a roaster and coffee shop in Cape Town and Johannesburg or coffee shops/restaurants with a coffee focus. Other micro roasters and espresso bars like Origin, Rosetta Roastery, Espresso Labs or Quaffee would also hire designated baristas.

Of the Cape Town graduates who were working in their field of study, thirteen were working as designated baristas (although it must be noted that the exact grade of coffee utilised in was not evaluated). It is important to note that as yet, no Ground UP graduate has accessed a work opportunity with an espresso bar, coffee shop or roastery that works almost exclusively with specialty grade coffee. The coffee beans these graduates are working varies in quality, as does the incidence of single origin coffees.

ii. Barista /waitron mix

This category includes work opportunities where students are predominantly making espresso based beverages with coffee that ranges from exchange to specialty grade, but may also be required to perform other tasks generally characteristic of a waitron. This would include preparation and service of food and beverage items, in addition to managing payments and point of sale systems. The coffee quality used in this category also ranges, with many of these businesses being clients of the roasters and coffee shops that source and roast high quality beans.

Eight students graduated from Ground UP Cape Town were working for businesses that would fit into this category. One in particular, a high end ice cream shop which procures

coffee from a local roaster (who stocks premium and specialty grade coffee), has employed two graduates who make coffee but are also involved in customer service, food preparation and point of sale.

iii. General hospitality

This category was assigned to those graduates working in restaurants or hotels that may be involved in making coffee, but with this role indistinguishable from any other waitron. Commodity coffee beans may be used and espresso machines are likely to be automated. The barista may make coffee on occasion but with the emphasis on customer service and non-coffee related activities like serving of food and drinks, clearing tables, or processing payments.

An example of such a placement partner is a high end hotel in Cape Town, that was looking for staff that with coffee making skills in addition to working in other functions within the establishment. Two of the graduates were employed in this capacity, accessing this opportunity through impressing management while on job shadow during their course.

iv. Entrepreneurial opportunities and further training

Since Ground UP's inception, it has been the stated aim to incorporate Enterprise Development and income generation through mobile and corporate coffee solutions into the project. This is to provide both income for the project and magnify the job creation impact through creating small sustainable mobile coffee businesses in a franchise type model. Historically, graduates from Learn to Earn courses can apply to the 3 year programme, during which time they receive capital investment into their small business and intensive business skills training.

In the Ground UP case, this model has been adapted slightly to fit into a social franchising model whereby barista graduates can apply to be trained in how to run a mobile coffee business, or provide a coffee solution in a corporate setting. From the baristas trained in

Cape Town thus far, two have applied and been accepted onto the programme and are employed on a full time basis to manage the mobile coffee trailer, with plans for expansion to five or six mobile units in the next year.

In addition to those pursuing entrepreneurial opportunities, three graduates included in this group are baristas working in a youth cafe for another NPO. Their time is split between making coffee in the cafe, and assisting with barista training as part of a skills training programme of that organisation.

Thus the majority of Cape Town based graduates were able, through the assistance of the Ground UP placement officer (in the case of recommended students only), to access economic opportunities in the coffee industry. While there exists substantial variance in the quality of coffee used, time designated to making coffee and an emphasis on a coffee offering as part of the business' brand and identity, the evidence supports the assumption made initially by Learn to Earn that there exists a demand for suitably trained baristas (broadly defined) for the coffee industry. Further, the training provided by Ground UP, combining theory and practical as well practical work experience and soft skills training, enables successful graduates to successfully meet this demand and become economically active.

5. Analysis and Discussion

Chapter 4 presented a high level overview of the ‘specialty’ coffee industry in South Africa, describing what can be understood by the term and introducing the concept of the three waves of coffee that characterise the South African market. The second section in the same chapter described Ground UP, in the context of Learn to Earn and the results of the programme to date. The information contained in the above mentioned chapter served to answer the research questions posed in Chapter 3. The data presented thus far is purely informational, and outside of a discussion linking it to the central research question does not adequately achieve the aim of this research: firstly to understand the potential for social and economic upgrading through employment creation in the industry, with specific focus on the barista profession, and secondly to explore to what extent Ground UP can be considered as an agent of palliative development.

As point of departure, the factors that may have influenced economic activity post training will be described, in order to highlight that the success of Ground UP graduates must be understood in a particular context. Following this, the potential for each of the four employment categories will be discussed - with particular reference to their potential for social and economic upgrading for the barista. It will be shown that, regarding the potential for social and economic upgrading in the global coffee production network, with specific reference to job creation for baristas, a number of key factors are limiting the potential for the industry to create jobs that can provide a sustainable income that would constitute a pathway out of poverty.

5.1 Factors influencing economic activity post training

Case analysis provided evidence of a number of factors that may influence student placement and economic success. Due to the sample size and rudimentary statistical analysis applied to this data set, it was not possible to perform any high level analysis in the form of multivariate or regressions that would indicate the relative significance of these factors, but they are highlighted here nonetheless.

The first factor is the *competency and skill level* of the barista, outside of passing assessments, completing the course and being declared competent. The marks of the individual students on their assessments, or if the student needed to retake the assessment before passing were not included in the placement analysis. In addition, there is no quantitative measure available for the student's soft skill ability, or level of social/life skills. This would necessarily impact placement success, with those most technically competent, with strong communication skills and self-confidence most likely to become employed.

The second factor impacting graduate economic activity levels is the *performance of the placement officer*. The initial Ground UP placement officer performed this function in addition to other roles and functions and the current incumbent is also not solely focussed on sourcing and connecting students to economic opportunities. Thus, it cannot be assumed that the same number of hours were dedicated to sourcing work opportunities for each group and graduate.

Even with a designated placement officer working full time on sourcing opportunities and connecting suitable graduates to work opportunities, *industry demand* is a third factor which would impact economic activity rates of graduates. Employment opportunities increase according to the time of year (particularly in hospitality, where busier months may offer increased contract/part time work) and according to business cycles and the economic climate. Given that the coffee industry has been shown to be a growing industry, it is unlikely that this would have had a substantial impact on these graduates but remains something to be considered.

The final factor influencing whether a graduate would find employment post training is *their existing level of social capital and networks*. A number of students were referred to Learn to Earn by individuals or organisations already invested in their development. This factor probably increases the likelihood of these students becoming economically active, either through acting as an additional placement officer or even providing a work opportunity. An example would be an NPO working with ex-offenders, who connected one of their

beneficiaries to Learn to Earn and have now employed him in their own coffee shop.

5.2 A pathway out of poverty? The potential for social and economic upgrading in the coffee industry

Cohn (2012), using the case of Brazilian hairdressers as an example, argues that small, cost effective development strategies focussing on investing in people rather than tax cuts or large scale industrial development can be applied by governments to boost employment to support and drive economic growth, even in the context of inadequate institutions and administrative capacity that are traditionally argued to be key determinants for success. In the case presented by Cohn (2012) it was found that the successful hairdressers initially relied on social networks and informal financial support, like rent subsidies through property owning family or friends but once established would train and employ others in their communities, magnifying the impact of the investment into their training. It is argued that Ground UP, despite being an NPO rather than a government led development strategy, is indeed acting as an agent of palliative development, in that it provides unemployed people with skills they can use to access economic opportunities in the context of a high growth industry. These economic opportunities, in the form of paid work in a full time, contract or entrepreneurial capacity, if accessible, are able to provide the individual with a pathway out of poverty through enabling them to generate an income to contributing to their financial sustainability.

Nicholson (2015:3), in an article commenting on the latest Poverty Trends Report released by Stats SA states that “53.8% of people can afford enough food and non-food items but fall under the widest definition of poverty in SA, surviving on under R779 per month.” Based on this statistic, even those baristas working for the minimum wage will be generating sufficient income to increase their income to the point where their household would be able to move out of poverty. The extent to which this poverty line is useful in its contribution to a discussion around a living wage, a topic that has recently been highlighted around discussions of a national minimum wage, will not be discussed in detail here; suffice to say that even a barista earning R15.17 per hour with no overtime is likely to earn enough to

ensure that they are well above the upper bound poverty line.

It has been argued that being employed, in any job but also in the coffee industry, does provide a previously unemployed person with a pathway out of poverty. However, the extent to which this represents a wage which enables the barista to remain financially sustainable in the longer term, providing for food and non-food items, is important, as it speaks to role of Ground UP in connecting beneficiaries to work that is assisting in their social upgrading. Simply put, it may be that the majority of those trained are accessing work opportunities in the short term, with a wage that statistically offers them a pathway out of poverty. The long term impact, where graduates not only remain employed but are able to ameliorate their financial situation through attaining a level of income security and become more financially secure through attaining a high wage over time, is important to highlight the extent to which Ground UP might drive social upgrading through advocating for higher real wages and better working conditions. The number of graduates accessing a more broadly defined pathway out of poverty would be substantially reduced should this definition include a minimum living wage.

In order to show the extent to which the jobs in the coffee industry that have been created represent economic and social upgrading for the barista in their financial benefits to them, the jobs created in each categories identified in the previous chapter will now be discussed more fully.

The first category of job that Ground UP students were able to access as a potential pathway out of poverty was defined as a '*designated barista*'. This category included those whose work consisted predominantly of making espresso based beverages, with other waitron duties as less significant aspect of their jobs. Graduates enter these jobs as junior baristas, with some restaurants or coffee shops requiring a period of training, which may involve assisting another barista or even working in other capacities (waitron, kitchen staff). This training enables baristas to understand the role they play in the greater restaurant context, gives them additional skills, and ensures that they can produce beverages to the organisation's standards and specifications. Once working behind the bar, these baristas are able to hone

and improve their skills, including how to work well under pressure during busy times and latte art presentation.

At this point is necessary to distinguish between work opportunities in coffee shops and cafes that are coffee centred (whereby the brand is driven by coffee served, with other food and beverages viewed as a secondary product and service), and those who work in restaurants and coffee shops that may use high quality freshly roasted coffee but rely predominantly on food and other beverages to remain profitable.

Through the comparison of jobs advertised and offered to graduates, it was found that these baristas would earn a similar amount but the prospects for gaining coffee knowledge and skills as a barista is much greater in coffee centred cafés and restaurants, which are often linked to or grew out of roasteries. These baristas are exposed to coffees of varying qualities from various origins and work with numerous brew methods in addition to the espresso machine. They would be more likely to be exposed to opportunities to compete at provincial and national competitions through accessing training and resources (practicing on machines, sourcing competition coffee, assistance with designing a signature drink etc.), and can build a network in the coffee community. Thus, while the economic upgrading is equal in both cases in the short term, a barista in a coffee-centred establishment may potentially increase their earning potential in addition to building social capital in the industry.

As yet, no Ground UP graduate has accessed work in a specialty coffee centred shop or restaurant. These baristas work almost exclusively behind the bar, but in a context where food and other beverages constitute the main revenue stream of the business. While they work with freshly roasted coffee, they may not be exposed to the higher end specialty coffees, single origin coffees and other brewing methods. The majority of Ground UP graduates classified as ‘designated baristas’ were found to be working in restaurants and coffee shops, a number of whom are clients of some of the ‘specialty’ roasters and coffee shops.

In both cases, as the graduates gain experience behind the bar, there are opportunities for promotion from ‘junior barista’ to ‘senior’ or ‘head’ barista. However, while this promotion

may result in increased responsibility it is unlikely to result in any meaningful increase in remuneration. At this point, a barista could transition to a managerial role, or in the case of a specialty coffee shop/roastery that may supply other establishments, transition into a training or quality control role. In this case, depending on the job and employer, the barista may secure a better wage, but sacrifices time behind the bar keeping their skills up through daily coffee making in a high pressure environment. Despite low wages (in some cases with few or no tips, depending on the establishment) and long working hours in a high pressure environment - baristas are still required to have a skill set that is relatively high compared to other service staff as far as their technical and sensory coffee skills are concerned.

In the case of all coffee shops and restaurants, but particularly those that are coffee centred, the barista plays a crucial role in ensuring high customer satisfaction through their ability to produce consistent espresso based beverages and bring out the best in the bean. They are required to understand how to control all the variables that influence the taste of a cup of coffee: bean quality and freshness, grinding, extraction, steaming milk and presentation. In addition to high level coffee skills, baristas are required to provide excellent customer service including interacting with clients and building relationships with the 'regulars' - remembering orders and personal information that creates a sense of loyalty. They are also often required to educate the consumers on the coffee they are serving to improve the customer experience. In an economic sense, these baristas add value to the product through not only their production of the beverage but contribution to customer experience, a key determinant of profitability in a restaurant or cafe.

So who is capturing these gains? Further research would be required to ascertain the capital and financial flows and distribution of profit to ascertain from a quantitative point of view where the gains are being captured. It can be argued, given the rapid growth and expansion of the popular coffee chains, that this profit is being partly reinvested into the business but with ultimate financial gain to owners and shareholders.

The second category included those baristas who work with coffee, but may also be involved in customer service and function as a waitron in so far as they may be involved in preparing

other beverages, serving food etc. These coffee shops and restaurants would consider coffee to be an important aspect of their brand and therefore procure fresh roasted coffee from local roasters. The barista would be required to have the skills as mentioned above, but is likely to maintain rather than improve in these coffee skills, knowledge and passion, as they are not exposed to specialty coffees or access the other industry related opportunities also mentioned above (further training, competition etc.). They are also likely to pursue promotion through management positions, but this would include even less coffee exposure. Here too, the potential for ongoing economic upgrading is constrained by low wages in the hospitality sector, and social upgrading similarly constrained by industry norms and standards.

The third category of work opportunities accessed by Ground UP graduates were those who found work in hotels and restaurants where they are required to make relatively few coffees, with a majority of their time spent fulfilling a standard waitron function. In this case, the barista's coffee related knowledge and skill is likely to remain stagnant or even decline, with their skills becoming 'rusty' as they are not exposed to industry trends/advancement and do not work with high quality coffee. For those who became employed in a large hotel or restaurant chain, there would exist more opportunities, relative to small independent coffee shops/restaurants, for management and promotion into other areas within these organisations, including management positions or even other jobs in the food/beverage industry. An example of this would be a student who is pursuing further training as a barman to supplement his barista skill. This would represent a substantially higher wage, in the case of opportunities in large hotel/restaurant chains.

Given the definition of palliative development in the question of the extent to which this represents a pathway out of poverty, being a barista in a coffee shop or restaurant is constrained by wages that are driven downwards by an industry that is characterised by relatively low wages across the board. However, upward career mobility does exist in opportunities for promotion to management: in the case of roasters and coffee centred restaurants this would represent an opportunity for improved wages and coffee skills. In the case of restaurants, hotels and large coffee shop chains, there may exist even greater

opportunity as a result of the size and scope of these organisations. It is therefore argued that economic upgrading, as represented by the increasing number of jobs available in the industry, is occurring, but with variable opportunity for social upgrading for labour given the variances in wages and working conditions.

The recent growth in the coffee industry has resulted in an increased market pressure across the entire hospitality industry to improve the standard of coffee being served. As a result, it is argued that the number of jobs available in the sector will continue to grow and provide opportunity for Ground UP, through the provision of these market relevant barista and hospitality skills, to continue to provide a potential pathway out of poverty to unemployed people. However, given average industry wages, and the size and trajectory of the specialty coffee industry, the extent to which individuals working as baristas in the purest sense can expect to earn a wage that might enable increased financial security and sustainability is less certain. Thus Ground UP, through its provision of market-relevant, holistic skills training, can be regarded as an agent of palliative development, as it contributes to providing previously marginalised and excluded individuals with human capital they can leverage in a growing industry.

The discussion above has focussed on those who have been able to become employees in the industry, but so far has not explored the opportunities for self-employment available to Ground UP students with the enterprise development aspect of the project. This aspect of graduate economic activity fits even more closely with the definition of palliative development, as it magnifies the impact of the vocational skills training provided to graduates. These baristas, who will leave the programme with sustainable small businesses will be empowered to provide further training and employment opportunities to other unemployed people. In addition to this increased impact, Ground UP will also have more control over working conditions and wages, thereby driving social upgrading for the baristas.

Graduates who were accepted into the Ground UP Enterprise Development programme will gain the skills necessary, and investment into their own small coffee business. This business

might be mobile (in the form of a coffee trailer or tuk tuk), or in partnership with a corporate in the provision of a corporate coffee solution. In all cases, these students are able to continuously improve their coffee skills, with access to good quality coffee through Ground UP partners as well as gaining additional, transferable business skills. In time, and through support provided by a franchise model, these sustainable small businesses will provide further employment opportunities for Ground UP graduates, but also through other value chains. For example, it is envisaged that Ground UP entrepreneurs might source baked goods from graduates of the Learn to Earn Baking course.

Thus the potential for Ground UP as an agent of palliative development exists in its ability to provide a skill that is otherwise prohibitively expensive for unemployed people who themselves are unaware for the opportunities available in the specialty coffee industry. Through connecting them to employment opportunities, as well as the chance to become coffee entrepreneurs, they are providing a pathway out of poverty to their beneficiaries. It is also argued that Ground UP acts as an agent of social upgrading through the social, emotional and spiritual development of students through the life skills aspect of the training. These soft skills are not only applied in the workplace, but contribute to building resilience and capacity in trainees as individuals and they feel empowered to deal with other social issues in their personal lives and communities. While this social impact is notoriously difficult to measure, monitor and evaluate, it is argued that Ground UP is building some level of resilience and improved ability to function effectively in the working world through giving students soft skills that can be applied in any working environment. This includes conflict resolution, communication and the restoration of hope through the ability to reflect on their personal life stories, goals and aspirations for the future.

5.3 Looking forward – the prospects for upgrading in the specialty coffee industry

The continued growth of the coffee industry in South Africa, in the context of the hospitality industry, will necessarily be the key determinant in both the quantity and quality of economic opportunities available to graduates. Of particular relevance to their impact on the potential for creating employment that can provide a pathway out of poverty to unemployed

people, are wages in the sector and the quantity and quality of coffee supplied and demanded by South African consumers. Each of these aspects will now be discussed more fully.

It has been shown that, almost regardless of the level of skill of the barista, wages are relatively low compared to other industries. Given the large number of often low skilled people working in this sector, many of whom live in low income, underserved areas geographically isolated from work opportunities, an increase in minimum wages will positively impact the potential of this sector to provide a pathway out of poverty. Outside of per hour wages, employers can certainly offer other benefits to employees that will contribute to their financial sustainability. In addition to formally employing them on a permanent basis (in which case contributions to medical aid and retirement savings might be a possibility) they can also provide transport, particularly late at night or early in the morning, or a meal at work. These 'benefits' would ensure that the barista's real take-home pay would be increased given that less needs to be allocated to transport, which graduates cited as a challenge.

In the case of the Ground UP students, it was found that a number of students had left their first job, or expressed the desire to find another opportunity based on the wage they were being paid being insufficient given their travel costs and other expenses. The follow up results presented in the previous chapter are static, in that they reflect the graduates' economic status at the time of the most recent follow up. Thus the baristas employment history over time is not represented. The ability to construct and analyse a time series analysis of economic activity post training is limited by the fact that it is only possible to compare students in the same class (rendering a very small sample size) and would require follow ups to have been completed at the same time intervals, for example for every student to have been followed up within the space of two weeks, and for comparable and complete information to have been collected for each student. As this was not a controlled experiment, and taking place in the context of an NPO with somewhat limited capacity, this was not possible. This would be another area for analysis, to track the career paths of these baristas, as they gained experience in the industry. This would provide valuable material to be included in the Ground UP pre orientation and life skills programmes, enabling trainers to

coach students in planning to maximize their earning potential in the industry, based on their career aspirations.

The second factor influencing the potential for the industry to create opportunities for people to access a pathway out of poverty, is the quantity and quality of coffee supplied and demanded by South African consumers. As the industry grows, and consumers become more educated, the demand for truly specialty coffee is likely to increase. This will put upward pressure on the price of a cup of coffee and potentially drive the industry towards a more differentiated pricing model, where the price of a coffee varies according to the quality of the coffee used and the cost of producing a specialty product. At this juncture, the theory around value creation and rent is pertinent, as a discussion of how governance and power in the value chain determines who will ultimately benefit from increased profitability. In the context of an industry where the barista is already being paid a competitive wage, as in the more sophisticated coffee markets of the global North, this becomes an argument for ensuring that the farmer captures this additional economic gain - for the sake of securing an ongoing supply of specialty coffee and the development of that farmer. In the South African case, is it necessary to look at the extent to which these gains will positively impact wages for baristas who are, as it has been shown above, a crucial element of this production network.

The extent to which particularly second and third wave coffee shops will be content to capture this gain remains to be seen. The incentive for them to work more closely with and enable farmers to capture more of the gains from this increased value of their coffee is driven by the consumer desire to not only drink great coffee, but also a consciousness around ethics, sustainable development and Fair Trade. Thus it makes good business sense to ensure that farmers are achieving social and economic upgrading. (It is noted that the majority of coffee imported into South Africa is through international importers and not through direct trade relationships - thus a discussion around how this upgrading would occur is beyond the scope of this research).

But what of the barista? What is the incentive for owners of coffee shops, roasters, espresso

bars, small cafes, hotels and any other establishment serving coffee, to pay an increased wage to their baristas in the context of an industry where the minimum hourly wage is only a couple of Rands more than a loaf of bread? Given that the industry has experienced growth over the last year(s), with a notable increase in amount of truly specialty coffee being served, but without economic upgrading (through increased wages) for baristas, it is argued that the incentives for those business owners to improve the quality of coffee served or develop their staff are currently not strong enough to result in meaningful change.

Factors that may increase these incentives going forward include formalised and accredited training to leverage the connection between a skilled barista (with an associated industry accepted wage) and the more discerning and conscious consumer, who is interested in fair wages and wants to reward the skill behind producing a great espresso. This consumer is not only content to pay a premium for specialty coffee, but even when purchasing a less expensive bean, would like to reward a well-made espresso by tipping baristas, especially in the case where a waitron may serve the coffee. Many stakeholders will influence these incentives, and by default the trajectory of barista wages, including government, NPOs (like Learn to Earn), training organisations, industry bodies (like SCASA) and the owners of roasteries, coffee shops, restaurants and hotels. Whether this will be for the better remains to be seen.

This discussion has focussed on Ground UP as an agent of palliative development potential concluding that there is indeed potential for social and economic upgrading for labour in the coffee production network in South Africa. Thus the first part of the central aim of this research has been achieved, through an exploration of the potential for social and economic upgrading in the specialty coffee industry with specific reference to role of the labour.

However, it also the aim of this research to understand the extent to which Ground UP, a skills training intervention, might be classified as an agent of palliative development, in so far as it provides a pathway out of poverty through wage generating employment. It follows then, that the second section of this analysis centres on what aspects of the project might be regarded as characteristic of palliative development, whereby a small investment into

vocational skills training might generate a sustainable impact, with a magnified impact through the economic activity of the beneficiaries. The discussion to follow also reintroduces the concept of governance, and the channels through which control and power might be exercised by various actors, such that Ground UP continues to see social and economic upgrading for their baristas. Building on what was discussed earlier in the chapter, key issues and steps that could be taken to ensure Ground UP maintains and exceeds its 'palliative development potential' will be highlighted.

To summarise the impact of the Ground UP project, it has been shown that Learn to Earn's initial assumption of a demand for this skill was correct, in that there is potential for suitable trained baristas to access economic opportunities in the coffee industry in various capacities. Ground UP, through the provision of holistic skills training (barista as well as life skills and point of sale) and offering placement assistance in connecting students to work and entrepreneurial opportunities, has seen many graduates become economically active. An exploration of the coffee industry in South Africa indicated that growth in this industry has, and is likely to continue, to create increased opportunities for unemployed people. Thus there are gains to be made in previously unemployed people accessing work opportunities as baristas. However, the variability exists in the potential for social upgrading. Two key governance related aspects that impact the influence Ground UP can have on the industry and thus social upgrading will now be discussed.

5.4 The role of partnership - sustaining Ground UP and influencing the industry

It has been shown that Ground UP has, over the past 3 years, built some strong industry partners that provide financial support, product and service donations, hosting for job shadowing, and employment opportunities. Cohn (2012), in his description of palliative development in Brazil, highlights the importance of partnership in achieving development goals. While he proposes the state as the main partner, the notion of different sectors working together remains pertinent. A renewed focus and emphasis on strategic partnerships and stakeholder management represents more than just financial sustainability for the Ground UP project. Building strong alliances can result in increased

opportunity for growth and expansion, which may increase the job creation potential of the project.

One example of an existing partnership that Ground UP intends to cultivate is with catering and coffee equipment supplier Koldserve, which will continue to be a preferred supplier of equipment for training and trading, and may provide further opportunity to train graduates in espresso machine installation, repair and servicing. The skills in this production network may offer graduates more work opportunities or the chance to gain a formal qualification(s) that will also represent a pathway out of poverty.

Another key set of relationships that enhance a network type alliance are those with coffee shops, restaurants and hotels across the industry. A wide variety of organisations, in size, pace of service and coffee quality, will enable a better placement fit, both for work shadowing and ultimately formal employment. In particular, working in closer partnership with some high end roasters and specialty coffee shops will serve to provide graduates more exposure to the best quality coffees and most up to date industry trends, which may lead to employment opportunities in this section of the industry. For many graduates, particularly those who have career aspirations outside of being a pure barista, or perhaps do not have the skill or personality to thrive in a specialty espresso bar or roastery, placement opportunities in hotels and restaurants may provide a better fit, opening career paths in the hospitality industry outside of the coffee value chain. In addition to good outcomes as far as placement is concerned, establishing the Ground UP brand and becoming a trusted and reputable provider of human resources will create 'visibility' and increase Learn to Earn and Ground UP's 'voice' in the coffee industry.

These concepts of voice and visibility speak to issues of governance and the ability of actors like Ground UP to influence an aspect of a production network to ensure greater gains for labour. They are defined by Inyathelo (2017) as follows

Voice is about the organisations' points of view on issues as relates to the work they do, the sector they work in, and the environment in which they operate more broadly.

It requires a cognisance of the external environment and acknowledgement that they don't work in isolation. It relates to the organisation's view on issues relating to where they're based, as well as national and international considerations. *Visibility* is about how organisations are profiled and positioned, the awareness and interest an organisation is able to generate about its work, the issues, the sector, etc.

Although Ground UP can potentially increase its voice and visibility through focussing on partnership, it is recognised that this may be limited due to various constraints on the growth of the project, and thus scale of impact achieved. However, the role of another key player with whom Ground UP is already linked, will be crucial to capturing and spreading the gains in the coffee industry across the entire production network. The role of the Specialty Coffee Association of South Africa (SCASA) as a key stakeholder in the local coffee industry, will now be discussed.

As a representative of all stakeholders in the industry, including baristas, roasters and retailers, SCASA is concerned with the overall size and depth of the specialty coffee market (argued previously to be a key determinant in the gains to be generated by the industry), and is thus well positioned and indeed incentivised by its membership to drive and promote all aspects of the specialty coffee industry. From a barista and human capital perspective, there are numerous partnership opportunities that Ground UP and other training focussed organisations can access through SCASA networks, to influence working conditions, the quality of coffee being served and contribute to the training and skills development agenda across the industry. Through working with CIRO, the other organisation offering the SCAE accredited coffee modules, there would be potential to develop an industry standard by which anyone wishing to work as a barista might be evaluated and remunerated. This would assist in advocacy efforts relating to wages and working conditions, and increase opportunities locally and even internationally for baristas. As SCASA looks to establish a Barista Guild, as in the case of the SCAA and SCAE, there is potential for ongoing skills development, serving to drive growth in the industry through ensuring better coffee is being served to consumers.

SCASA will also play a key role in educating consumers and driving an awareness of specialty coffee through the World Coffee Events (Barista, Latte Art, Brewers and Cup Tasters etc.). With plans to increase the visibility and profile of these events, which are to be held at convention centres across the country, and linked to various Expos, there will be increased opportunity for members and non-members alike to showcase products and services to a wider audience. Of particular importance in this regard, in terms of increasing the market for specialty coffee, is the education of the largest portions of the South African population who are still instant coffee drinkers.

SCASA members are drawn from across the industry as a whole, and include roasters, coffee shops and restaurants, as well as service and product providers (coffee equipment, water filtration systems etc.). Ground UP would be able to look to these companies for additional skills development and job creation opportunities, as mentioned above in the case of industry demand for technicians to install, repair and maintain espresso machines, grinders and other equipment. This would enable the project and its beneficiaries to access opportunities in other parts of the production network with additional potential for economic and social upgrading.

Partnerships with businesses outside the coffee industry will also continue to be central to the success of the Ground UP Project. In addition to funding for the ongoing costs of the project, these businesses will also provide opportunities for Ground UP mobile - in the form of espresso bars/coffee shops in office parks, or the installation, service and upkeep of bean to cup machines in the offices themselves. This represents an opportunity for mutually beneficial partnership, as funding will benefit the corporate in terms of tax benefits and points under their B-BBEE scorecard, while Ground UP is able to train and create sustainable jobs for graduates. Service and product donations can also be sourced through similarly mutually beneficial partnerships, as in the case of the existing relationship with a local Baron's car dealership, who have provided a branded vehicle for the purpose of towing the trailers and other Ground UP activities. These corporate partnerships will allow the project to be taken to scale, resulting in the training of more baristas for placement and thus a louder 'voice' for Ground UP in the working conditions that represent the opportunity to capture

gains from the industry.

Ideally, partnerships with local and international organisations should be developed and managed, such that Ground UP can keep up to date with industry trends and increase its brand value, resulting in even more mutually beneficial partnership opportunities. The project already has links in the Netherlands, through the Speciality Coffee Association of Europe training and coffee diploma system, which it would look to grow into the future.

All the partnerships described above contribute to two and mutually synergetic aspects of Ground UP: financial sustainability for the organisation, and high placement/economic activity rates (as an indicator of 'success' through the ability of the training to be providing individuals with the skills necessary to take advantage of the market demand for baristas). It is argued that, in addition to the above mentioned benefits, strong alliances will enable Ground UP to exert influence over aspects of the industry that impact on the potential for social and economic upgrading for baristas, essentially allowing it to play a governance role in the industry.

5.5 Enterprise Development – driving the palliative development agenda

Much of this analysis has focussed on those baristas who will be employed in the coffee industry and are thus subject to industry related wages. Given high unemployment rates, educational and skills deficits, and other factors driving an oversupply of labour to the hospitality industry in particular, it may be that wages will remain low and the industry will continue to be characterised by low income and job security. In this case, providing baristas with not only skills to work in coffee shops, restaurants and hotels, but also basic business skills to enable them to run a profitable mobile coffee shop, will potentially provide higher wages with more job security and flexibility. This investment into business skills also provides the graduates with a transferable skill they can use to start another income generating project.

The two Ground UP barista graduates currently being mentored under the Enterprise

Enabling Environment programme at Learn to Earn offer insight into the potential for mobile coffee, not only to benefit these individuals through providing them with an income, but benefiting the industry through taking coffee to segments of the market that are currently not exposed to specialty coffee as a result of their geographic location. During their interviews these baristas expressed the desire to sell coffee in their communities, accessing what they argue to be an untapped market of young, brand conscious township youth with a desire to be 'on trend'. In establishing these mobile coffee businesses, these baristas will then be in a position to offer training and employment to other unemployed individuals in their networks; friends, family members or even in the case of one Ground UP graduate, a fellow classmate.

This chapter has shown that Ground UP, as an agent of palliative development, has succeeded in assisting previously unemployed individuals to access a pathway out of poverty through providing them with the skills necessary to become economically active within the coffee industry. These economic activities (wage employment and entrepreneurial opportunities) speak to the gains created by this industry whereby a growing market represents an opportunity for higher quality and higher volumes of coffee. The extent to which these gains will continue to be captured by the baristas through higher wages and better working conditions, and therefore a more sustainable pathway out of poverty, is a function of a number of variables and remains to be seen.

6. Conclusion

The importance of jobs and employment creation in reducing poverty was highlighted in the introductory chapter of this dissertation. Using Learn to Earn and the Ground UP project as a case study, this research aimed to explore the potential for social and economic upgrading in the specialty coffee industry, with specific reference to the role of labour. It also aimed to understand the extent to which Ground UP might be classified as an agent of palliative development insofar as it provides a pathway out of poverty through enabling beneficiaries to access wage generating employment in the specialty coffee industry.

Through a description and exploration of the Ground UP case, it has been shown that the specialty coffee industry, viewed from a GPN perspective, provides economic opportunities accessible through the barista profession and therefore an opportunity for economic and social upgrading. Learn to Earn designed and implemented the Ground UP project to provide skills and resources that beneficiaries could leverage to access these various economic opportunities and therefore a pathway out of poverty. Through a human scale development approach, based on the theory of Max Neef (1991), with a holistic view to developing the unemployed, the organisation has been able to provide not only barista skills, but transferable skills that can be applied in any work context or aspect of the global coffee production network and even other industries altogether.

An analysis of the Ground UP placement results and economic activity of the students post training has shown that this project represents a successful case of palliative development through its ability to adequately up-skill previously unemployed people and connect them to opportunities such that they can become economically active and generate an income. This investment into human capital has thus “‘immediately reduce[d] poverty by raising the employment and income levels for the labour market” (Cohn, 2012:2).

While this economic activity and income generation represents economic upgrading for labour in the specialty coffee industry, and thereby offers a pathway out of poverty, the trajectory of this upgrading and capturing of gains generated by the high growth industry is

less certain. Once employed or economically active, Ground UP graduates can expect varying degrees of economic upgrading (through better wages) and social upgrading (through improved working conditions) given the current labour market conditions in the South African hospitality industry.

This uncertainty and variation is driven by systems of governance and control in the speciality coffee industry, particularly as they relate to generation, capture and distribution of gains. As the industry grows there may be more coffee demanded, more coffee shops opening, more jobs for baristas and coffee entrepreneurs, but no change in wages and working conditions for baristas producing and serving espresso based beverages. Thus the economic and social gains will depend on governance structures and types characterising the industry. Further research endeavours would do well to focus on key players and stakeholders that shape the governance landscape, as well as on other skills training projects with palliative development potential.

The significance of the results summarised above exists the opportunity for other non-profits, and even further training institutions, to be agents of palliative development through investment into holistic skills training that enables beneficiaries to access economic opportunities in other industries experiencing economic upgrading and growth. Opportunities to work in partnership with government to provide support to entrepreneurs running small businesses, with potential to create employment and generate rent, is something that should be explored. These partnerships and programmes, characterised by a palliative development approach, can then be applied in other production networks and high growth industries as identified by government and business.

The role of Learn to Earn and civil society in general in advancing a palliative development agenda will be continued use of their 'voice' and dialogue around wages and working conditions with industry players. This advocacy role, and the upskilling and capacity building capacity of previously disadvantaged people, will ensure that fewer people continue to be excluded from the economic or social gains produced through economic growth. Through building networks and partnerships with government and business, there exists opportunity

to influence governance types and systems such that social and economic upgrading is achieved for employed beneficiaries and entrepreneurs.

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8. Appendix A

Consent to Participate in Research

Developing a Pathway out of Poverty in the Global Coffee Production Network – a Case Study of employment creation for baristas in the speciality coffee industry.

Introduction and Purpose

My name is Robyn Anderson. I am a Masters student at the University of Cape Town, completing my MA in Development Studies through the Department of Sociology. I would like to invite you to take part in my research study, which is looking at the potential for the coffee industry to create employment that may contribute to reducing poverty. As you are working, have worked or intend to work in the speciality coffee industry, I would like to find out more about your experiences of and thoughts on working in the coffee industry.

Procedures

If you agree to participate in my research, I will conduct an interview with you at a time and location of your choice. The interview will involve questions about how you became a barista, what your work is like and what your goals and dreams are for your career and life. It should last about an hour. With your permission, I will audiotape and take notes during the interview. The recording is to accurately record the information you provide, and will be used for transcription purposes only. If you choose not to be audiotaped, I will take notes instead. If you agree to being audiotaped but feel uncomfortable at any time during the interview, I can turn off the recorder at your request. Or if you don't wish to continue, you can stop the interview at any time.

I expect to conduct only one interview; however, follow-ups may be needed for added clarification. If so, I will contact you by mail/phone to request this. The interview would also be conducted at a time and location of your choice, and would be to clarify something you said in the first interview, or get some information on a particular topic.

Benefits

There is no direct benefit to you from taking part in this study. It is hoped that the research will provide insight into what working in the coffee industry is really like – including the challenges and opportunities.

Risks/Discomforts

If any of the questions I ask are too personal, or make you feel uncomfortable or upset, you are free to decline to answer, and even stop the interview. As with all research, there is a chance that confidentiality could be compromised; however, I will take every precaution to minimize this risk.

Confidentiality

Your study data will be handled as confidentially as possible. If results of this study are published or presented, individual names and other personally identifiable information will

not be used. To minimize the risks to confidentiality, all data will be stored on my personal computer, with password security.

When the research is completed, I may save the tapes and notes for use in future research done by myself or others. I will retain these records for up to a year after the study is over. The same measures described above will be taken to protect confidentiality of this study data.

Compensation

You will not be paid for taking part in this study, nor will I or my supervisor benefit directly from the research.

Rights

Participation in research is completely voluntary. You are free to decline to take part in the project. You can decline to answer any questions and are free to stop taking part in the project at any time. Whether or not you choose to participate in the research and whether or not you choose to answer a question or continue participating in the project, there will be no penalty to you or loss of benefits to which you are otherwise entitled.

Questions

If you have any questions about this research, please feel free to contact me. I can be reached at 072 105 7937 or robynjaneanderson89@gmail.com

Declaration and signature of research participant

The information above was explained to me in clear terms by Robyn Anderson. I was given an opportunity to ask questions and these questions were answered to my satisfaction.

You will be given a copy of this consent form to keep for your own records.

If you wish to participate in this study, please sign and date below.

Participant's Name (*please print*)

Participant's Signature

Date

[Optional/If applicable]

If you agree to allow your name or other identifying information to be included in all final reports, publications, and/or presentations resulting from this research, please sign and date below.

Participant's Signature

Date